Austria ... Sch. 20	Indonesia ... Rp 3100	Philippines ... Pes. 20
Bahrain ... Din 0.650	Israel ... IS 3.50	Portugal ... Esc 100
Belgium ... BFr 45	Italy ... L 1600	S. Arabia ... Rls 4.00
Canada ... C$1.00	Japan ... Y600	Singapore ... S$ 4.10
Cyprus ... C£0.75	Jordan ... Fils 500	Spain ... Pta 125
Denmark ... DKr 8.00	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt ... E£1.50	Lebanon ... £1.25.00	Sweden ... SKr 8.00
Finland ... Fmk 7.00	Luxembourg ... LFr 45	Switzerland ... SFr 2.20
France ... FFr. 6.50	Malaysia ... Rm 4.25	Taiwan ... NT $95
Germany ... DM 2.20	Mexico ... Pes. 380	Tunisia ... Din 1.375
Greece ... Dr 80	Morocco ... Dh 6.00	Turkey ... L 350
Hong Kong ... HK$ 12	Netherlands ... Fl 3.80	U.A.E. ... Dh 6.50
India ... Rup. 15	Norway ... Nkr. 7.00	U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,147 — Friday January 30 1987 — D 8523 B

Down and out in New York and Chicago, Page 4

World news

Aquino orders trial of officers

President Corazon Aquino of the Philippines ordered the court-martial of military officers involved in an abortive coup attempt which ended when they finally marched out of a Manila television station 61 hours after the revolt began.

As she sought to reassert her authority, news emerged of an almost farcical attempt by ex-President Marcos and his wife, Imelda, to stage a dramatic come-back. Imelda's shopping spree, Page 12.

Pretoria clampdown

Six hours after a South African Supreme Court judge overturned a government ban on newspaper reports about outlawed organisations, Pretoria announced that new regulations would be imposed. These would ensure there would be "no supportive statements and/or advertisements for terrorist organizations whatsoever." Newspapers win appeal, Page 3

Barbie in hospital

Nazi war criminal Klaus Barbie, 73, awaiting trial for crimes against humanity, was taken to a high security hospital ward from his prison cell in Lyon. No details of his illness were revealed.

Outpost under fire

Chad reported that Libya had resumed "heavy and fierce" bombing of the key oasis outpost of Fada in the north-east which was recaptured by Chadian forces recently after a three-year occupation by Libyan-backed rebels.

Austrian wine trial

Josef Tschida, 48, a wine dealer, and his son Arnold, 28, went on trial in Eisenstadt, Austria, accused of adulterating more than 2m litres of wine with an anti-freeze ingredient, an action resulting from the scandal that damaged Austria's wine trade two years ago.

Bucharest ordeal

Twenty Sri Lankan Tamils were deported from Romania after being held for six days in Bucharest's freezing airport without food, Western diplomatic sources in Romania said. The British consulate sent bread, fish and meat when it discovered their plight.

Kabul go-ahead

The Afghan Government is pressing on with a plan for national reconciliation involving an end to the civil war and the return of millions of refugees despite its rejection by guerrilla leaders. Page 3

Directors set free

Three directors of Fabrique Nationale, Belgium's major arms manufacturer, were released after being held for 24 hours by factory workers angry over job layoffs.

Threat to Contras

Both houses of the US Congress are to consider bills to delay or cut off $40m in promised aid to the Washington-backed Nicaraguan Contras.

Killy resigns

Jean-Claude Killy, French skiing gold medallist, resigned as president of the Grenoble 1992 Winter Olympics organising committee because of local protests against plans to relocate some ski events.

Iraq 'halts advance'

Iraq said its forces defending the southern city of Basra had driven back the invading Iranians in heavy fighting, confining them to an area 4 kilometres (2½ miles) wide by two kilometres (1.4 miles) deep. Iran claims, Page 3

Spanish cave find

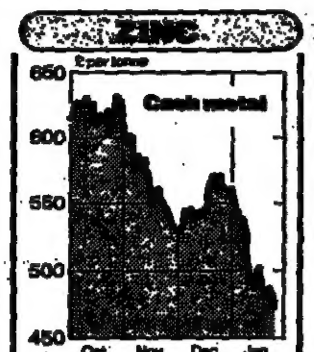
Archaeologists in the southern Spanish province of Malaga have discovered cave drawings of horses, deer and symbols believed to be 16,000 years old.

Business summary

US warns Japan on chip deal 'violations'

US is considering new sanctions against Japan unless alleged violations of last year's semi-conductor agreement between the two countries are halted in the next two months. Page 18

L. F. ROTHSCHILD, Unterberg and Towbin, was pushed into the red in the fourth quarter by heavy losses on arbitrage and municipal bond trading. The Wall Street securities house had a minimal profit for the full year, its first as a public company. Page 19



ZINC MARKET: Buyers continued to give the London Metal Exchange zinc market a wide berth yesterday. The cash price closed £8.75 down at £472.25 a tonne – a nine-month low – while the three-month position lost £7.25 to close at £468 a tonne. Page 30

WORLD aluminium market outlook for this year is bleak and poorer still for next year, says an industry study. Page 30

TOKYO: Bullish sentiment continued to bolster share prices, taking the market to its sixth consecutive record finish. The Nikkei average jumped 131.12 to finish at 19,921.05. Page 38

LONDON: Profit-taking and bearish rumours weakened both share prices and government bonds. The FT-SE 100 index closed down 14.0 at 1,796.1. The FT Ordinary index lost 13.4 to 1,427.0. Page 38

WALL STREET: By 3pm the Dow Jones industrial average was up 6.89 at 2,170.28. Page 38

DOLLAR closed in New York at DM 1.7920; SFr 1.5065; FFr 5.9775; Y152.60. It closed in London unchanged at DM 1.7870; and SFr 1.5020; but fell to FFr 5.9625 (FFr 5.9650); and rose to Y151.95 (Y151.85). On Bank of England figures the dollar's index rose to 103.1 from 102.7. Page 31

STERLING closed in New York at $1.5355. It rose in London to $1.5375 ($1.5365); to DM 2.7475 (DM 2.7450); to FFr 9.1675 (FFr 9.1650); to SFr 2.31 (SFr 2.3075); and to Y233.50 (Y233.00). The pound's exchange rate index closed unchanged at 68.8. Page 31

GOLD fell 87½ cents to close at $409.00 on the London bullion market. It also fell in Zurich to $409.95 ($413.25). In New York the April Comex settlement was $418.60. Page 30

AMERICAN Telephone & Telegraph's net profit fell to only $139m, or 5 cents a share, in 1986, compared with $1.56bn, or $1.37, the year before, reflecting the big $3.2bn charge announced before Christmas. Page 19

BOLIDEN, Swedish metals, chemicals and mining group, says it will have to cut jobs and production levels in its metals and mining sector if it is forced to comply with new emission control laws. Page 20

DOW CHEMICAL, second largest US chemical maker, has announced net profits increased 10 times to $741m, or $3.81 a share, on marginally lower sales of $11.5m. Page 19

AKZO, Dutch chemicals and fibres group, reported virtually flat earnings of Fl 840m ($442m) in 1986 as the disadvantages of a weaker dollar offset the advantages of cheaper oil. Page 19

EEC set to agree compensation for lost US grain sales

BY QUENTIN PEEL IN BRUSSELS

TOP TRADE negotiators from the US and the EEC yesterday hammered out the final details of a compensation agreement for lost US grain sales to the Community heading off the imminent declaration of hostilities in what would have been a bruising trade war.

The deal provides for guaranteed EEC purchases of at least 2m tonnes of maize from outside suppliers, plus 300,000 tonnes of sorghum, also an animal feedstuff, and an estimated 450,000 tonnes of cereals for Portugal, in part compensation for the estimated loss of $400m a year in US feed grain sales to Spain as a result of Spanish accession to the EEC.

It also includes reduced import duties on more than 20 industrial items, such as aluminium plates, plywood and food products, to make up a package deal. The agreement is scheduled to last four years rather than the indefinite period sought by the US.

The details were thrashed out through two nights of transatlantic telephone negotiations, before being presented yesterday to EEC ambassadors for their approval. A full-scale ministerial meeting may be called in Brussels today if they cannot finally agree.

The deal was described by Mr Willy de Clercq, the EEC Trade Commissioner who finalised it with Mr Clayton Yeutter, US Special Trade representative, as "an honourable solution for both sides."

He refused to put a value on the compensation package, which Washington insisted should match the $400m in lost maize and sales, because it was "a political solution."

The EEC cereal purchases will be at reduced levy rates to ensure they compete on the Spanish market, but will benefit all potential external suppliers, and not just the US. In the past Argentina and Brazil have also supplied the Spanish market with feed grains, but US sources have taken some two-thirds.

Spain and Portugal joined the EEC a year ago, and Community import levies were imposed on feed grains from March. Both Britain and France have gained significant market shares for their maize, barley and feed wheat.

Negotiations in the dispute came to a head last week – three weeks after the original December 31 deadline set by the US – when the EEC negotiators added the extra Portuguese purchase to their offer.

Under its EEC accession agreement, Portugal was supposed to buy 15 per cent of its cereal requirements from other Community countries, but it will now be able to fill that amount – estimated at some 450,000 tonnes – from the cheaper world market. Its needs consist mainly of maize and wheat.

The 300,000 tonnes of sorghum is seen by EEC officials as a modest concession – because no sorghum is produced in the Community, and it would probably have to have been bought anyway.

The list of 21 industrial and other food import concessions published yesterday is likely to cause some problems for the 12 member states, with difficult negotiations between them on how the burden should be shared.

The most controversial items are likely to be aluminium plates, sheets and stip aluminium wheels, condensation and polycondensation products, plywood, and bourbon whisky.

Duty charged on Bourbon is recommended to be halved, while the aluminium import duty would come down from 10 to 7.5 per cent.

Food products included for a better deal include dried onions, roasted nuts, apple, grapefruit and cranberry juice.

The list of computer-selcted products designed to make up the weight of the total package also includes items such as avocados, flower and vegetable seeds, and cigars.

More disputes loosing, Page 4; UK political reaction, Page 6; Editorial comment, Page 16

Brussels likely to strike big Soviet butter deal

BY TIM DICKSON IN BRUSSELS

THE EEC looks set to sell 300,000 tonnes of cheap butter to the Soviet Union at a cost to the Community of close to $1bn.

The spectacular deal would be the largest disposal of its kind and will probably be completed by the middle of next month, senior European Commission officials indicated yesterday.

The new development comes only days after the Commission revealed details of an ambitious plan to sell off almost 1m tonnes of surplus butter by the end of next year in a market operation projected to cost Ecu 3.2bn ($3.7bn). This programme, which will be initially financed by member states, has yet to be endorsed by the Council of Ministers.

The Soviet sale, which seems bound to spark a political controversy because of the destination involved, will remove at one stroke almost a quarter of the 1.34m tonne butter "mountain" currently overhanging the world market.

French traders – co-ordinated by the powerful Mr Jean Baptiste Duomeng, nicknamed the "Red Baron" – have apparently negotiated the deal with Moscow in principle but have yet to offer the EEC a satisfactory price.

Speculation rose yesterday that approval would be given at the weekly meeting of the Community's dairy management committee – comprising representatives of member states and the Commission – but the bids submitted in a special tender were all refused. The Commission declined to indicate the prices offered but they are reliably understood to have been in the region of Ecu 210 a tonne.

That compares with a current guaranteed EEC buying-in price of Ecu 3,132 a tonne.

Despite yesterday's setback Commission officials are confident that the butter sale will go through and immediately opened a new tender, which expires on February 12. A spokesman said yesterday, "It's like a game of poker. We know they need the butter and they know we are keen to dispose of it. It's just a question of getting the right price."

Commodities, Page 30

BBC director general forced to quit under political pressure

BY RAYMOND SNODDY IN LONDON

MR ALASDAIR MILNE, holder of the most influential job in British broadcasting, was forced to resign yesterday as director-general of the BBC after a period of mounting pressure and confrontation between the ruling Conservative Party and the corporation.

The director-general was asked for his resignation at the end of the morning session of the Board of Governors meeting by Mr Marmaduke Hussey, chairman, and Lord Barnett, deputy chairman.

It is the first time in the history of the BBC that a director-general has been required to resign in such circumstances. The move could lead to a political row over Mr Hussey's action.

The chairman told the other governors yesterday morning in the informal half-hour meeting which precedes the full meeting that he and Lord Barnett would be seeking Mr Milne's resignation during the morning.

When the governors sat down to lunch following the morning session Mr Hussey, Lord Barnett and Mr Milne were absent from the soup course. When the two governors arrived for the main course they announced the resignation of the director-general.

The BBC last night issued a brief statement in which they refused to elaborate on their claim that Mr Milne, who has been director-general since 1982, had "tendered his resignation" for personal reasons.

The announcement came as a complete surprise to other members of the BBC board of management.

The BBC governors have the constitutional right to hire and fire the director-general, who is both chief executive and editor-in-chief of the corporation.

One of the reasons for Mr Milne's departure was his inability to forge a working relationship with Mr Hussey, the Government's surprise appointment as chairman following the death of Mr Stuart Young. Another was the political difficulties and controversies which swept the BBC almost on a monthly basis. The latest is the row over the spy satellite programme, which Mr Milne decided should not be shown in the interests of national security.

Another factor probably was the period of financial stringency the BBC is entering after the Government decision to index the licence fee to the retail price index (RPI). Costs in broadcasting, a labour intensive industry, have been growing at an average of 2 per cent a year above RPI.

Mr Milne has spent almost all his working life in the BBC as a programme maker rather than an administrator or commercial animal. It may have been the indexation of the licence fee more than anything else that sealed his fate.

Mr Michael Checkland, deputy director-general, will become acting director-general pending an appointment. He will probably be a candidate for the top job as will Mr Brian Wenham, who was appointed managing director of BBC Radio.

Mr Jeremy Isaacs, chief executive of Channel 4 television will probably be a leading candidate from outside the BBC.

Michael Cassell, Political Correspondent, adds: Ministers last night attempted to distance the Government from any involvement in Mr Milne's departure. Downing Street sources emphasised that the decision was entirely a matter between the governors and the director-general.

There were immediate attempts by the Opposition to suggest it was another example of government pressure on the BBC.

Profile, Page 6

Jacques Chirac: turning point

Chirac promises dialogue with unions

By David Housego in Paris

MR JACQUES CHIRAC, the French Prime Minister, announced last night that he would be meeting union and employers' federations in the next few weeks in an effort to strengthen collective bargaining and renew the dialogue with labour.

Mr Chirac announced his initiative at a press conference intended to give a second wind to his Administration after the strikes and student demonstrations of recent months which have damaged the Government's popularity in the public opinion polls.

The conference followed a day long meeting of Mr Chirac's conservative Administration intended to define the Government's legislative priorities in the year before the presidential election due in May 1988. The project to be given most urgency – including new proposals for widening employee participation in the public sector – reflects the Government's growing preoccupation with social issues.

Although Mr Chirac has informally been meeting trade union leaders, he has so far resisted formal gatherings, as a way of demonstrating his free market administration's reluctance to interfere in relations between industry and labour. His change of tack is bound to be seen as a return to the type of the trilateral gatherings with unions and employers organised under the Socialists and to a similar round table conference called to achieve social peace after the labour disturbances of May 1968.

Mr Chirac denied that the changes marked a "turning point" for his Administration. The emphasis was none the less different from the free market enthusiasm of the Government's early months in office.

The Prime Minister himself noted the shift by saying that the Government was proposing measures that marked "a new social ambition for France."

US military moves 'threat to hostages'

BY NORA BOUSTANY IN BEIRUT

THE US was warned yesterday that if it made any military moves in the Middle East four hostages held in Beirut would be killed.

The threat came from a hitherto unknown group calling itself Islamic Jihad for the Liberation of Palestine. It was delivered in a handwritten note to a western newsagency in the Lebanese capital and accompanied by a colour photograph of Professor Robert Polhill, one of three American academics seized last week.

The US yesterday ordered two aircraft carriers to remain on station in the eastern Mediterranean and moved its warships in the Gulf further north in an apparent gesture of support to Arab countries alarmed by Iranian success in the Gulf War.

Mr George Shultz, the US Secretary of State, suggested yesterday that Iran might be behind the factions responsible for the latest wave of kidnappings in Beirut. "It is our basic information that, with whatever names may emerge, they are to a substantial degree linked together. We also observe some very strong ties to Iran", he said.

Mr Shultz said there was no question of the US dropping its demand for the extradition of a Lebanese, held in West Germany in connection with the hijacking of a TWA airliner in 1985, in order to ease the plight of hostages.

The arrest of Mohammed Ali Hamadei just over two weeks ago was followed by a spate of kidnappings in West Beirut, during which two West German businessmen and three Americans were among at least nine foreigners seized at gunpoint.

One of Mr Hamadei's brothers is a senior member of the radical Shila Hezbollah group, which has strong links with Iran. A second Hamadei brother was arrested in West Germany this week.

A senior West German diplomat, Mr Reinhard Schlagintweit, has been in Tehran for the past three days seeking Iranian help in winning the release of the West Germans held in Beirut.

These negotiations and the recent seizure of more Americans are believed to have complicated the task of Mr Terry Waite, the Archbishop of Canterbury's special emissary, who has not been seen in Lebanon for nine days.

The Foreign Office in London and the Archbishop have received assurances that Mr Waite is safe and has not been kidnapped. Mr John Gray, Britain's ambassador to Lebanon, said yesterday that he was still concerned about Mr Waite and was pursuing contacts with Druze leaders who had been responsible for Mr Waite's security in Lebanon.

The Lebanese leader of the pro-Syrian Ba'ath Party told reporters yesterday that Mr Waite "had been seen moving in a certain area with the hostage takers."

Khashoggi company seeks protection

BY JAMES BUCHAN IN NEW YORK

TRIAD AMERICA, the master US company controlled by Mr Adnan Khashoggi, the Saudi businessman, has filed for protection from its creditors under Chapter 11 of the US federal bankruptcy code.

The filing, made in a Los Angeles court is evidence of the mounting difficulties surrounding the flamboyant Mr Khashoggi, who played a middleman's role in the highly controversial sale of US arms to Iran. Mr Khashoggi has been badly constrained by the recession in Saudi Arabia caused by the collapse in oil prices.

It is also a further embarrassment for the US Government, which in 1985 guaranteed a loan of

Continued on Page 18

Adnan Khashoggi: controversial middleman

CONTENTS

West German states threaten public TV fees

BY PETER BRUCE IN BONN

WEST GERMANY'S main television channel, the publicly financed ARD, faces serious financial difficulty, it warned yesterday, following a decision by four conservative states to terminate their part in the national licence fee agreement.

The states, Bavaria, Baden-Wuerttemberg, the Rhineland Palatinate and Lower Saxony have threatened to break with the rest of the country over the continued refusal of Social Democrat-ruled states to agree on a new national agreement to facilitate satellite broadcasting.

ARD and the second leading public channel, ZDF, which collects 30 per cent of licence revenue, have been drawn against their will into a power play between the Christian Democrat (CDU) and SPD states over the introduction of cable and satellite broadcasting in West Gremany.

The states control broadcasting and while the Bundespost has pressed ahead with a DM 3bn (£1.08bn) a year programme to cable up the country, the SPD states, with the exception of Hamburg, have doggedly refused to agree on new laws under which the new broadcast media could operate.

Led by North Rhine Westphalia, home to a third of the West German population, the SPD states worry that new, privately owned media will be right wing and trivial

In the SPD-ruled state of Hesse, the state-owned broadcasting media has begun to take advertisements in an effort to make Hesse less attractive to private channels and radio stations.

The CDU states and Bavaria, who suspect anyway that public television and radio are in the grip of the political left, are now waving probably their biggest stick by threatening, in effect, to wreck the fee collecting system for ARD and ZDF.

Their notice to quit the system also has direct consequences for smaller broadcasting operations in the SPD states because fees are redistributed from bigger states to smaller broadcasting authorities, including Bremen, the Saarland, and Hessen.

Mr Wilibald Hilf, ARD's chairman, said yesterday that although the channel had sufficient funds to see it through to the end of next year, an increase in the licence fee in 1989 was "urgent."

Haughey ignores call to spell out cuts

By Hugh Carnegy in Dublin

MR CHARLES HAUGHEY, leader of the Fianna Fail party, said yesterday Ireland's economic problems could only be tackled by combining control of the public finances with measures to promote growth and reduce unemployment of 19.3 per cent of the workforce.

Dr Garret FitzGerald, the outgoing Prime Minister and leader of Fine Gael, has sought to make the need to cut spending to reduce the heavy debt burden the main issue in the election due on February 17.

Launching Fianna Fail's election manifesto, Mr Haughey acknowledged that cuts would have to be made but flatly refused to make the specific commitments called for by Dr FitzGerald.

The 70-page manifesto said only that Fianna Fail would contain government expenditure at or below 1986 levels measured as a percentage of gross national product and to reverse the growth of the debt/GNP ratio. The total National Debt is presently equivalent to 148 per cent of GNP.

Mr Haughey has clearly decided that with a big lead in the opinion polls he can afford to ignore Dr FitzGerald's accusation that Fianna Fail's failure to produce detailed figures to back its plans shows it cannot be relied upon to deal with the economic crisis.

Instead, Mr Haughey concentrated on the need to stimulate growth in areas such as manufacturing experts, tourism, food processing, horticulture and marine resources. He was careful not to make any extra spending commitments but said he believed higher growth could be achieved this year than the 1.5 per cent forecast by the Central Bank.

On Northern Ireland, Mr Haughey said Fianna Fail would honour the Anglo-Irish Agreement but would work towards getting a change in the guarantees for Unionists contained in the accord which it believed contravened the Irish constitution. However, he said he would halt new proposals aimed at facilitating extradition procedures betwen Ireland and Britain until the cases or more than a dozen Irish citizens jailed for IRA bomb attacks they say they did not carry out were resolved.

EIB expected to provide £1bn for Channel Tunnel

BY QUENTIN PEEL IN BRUSSELS

THE European Investment Bank (EIB), the prime lending institution of the European Community, expects to provide up to £1bn in finance for the Channel Tunnel in its largest single loan to date.

Negotiations with the Eurotunnel consortium of bankers, construction and engineering groups which won the concession to build the tunnel, are expected to be concluded by the spring or early summer, bank officials said yesterday.

"We are discussing a facility of around £1bn," Mr Pit Treuman, the manager responsible for operations in both the UK and France, said. No official commitment has yet been made by the EIB, and the loan will still need "a long time to finalise," he added.

The Channel Tunnel will be the biggest infrastructure project to be financed by the bank, which last year lent more than Ecu 7.5bn (£5.5bn) to a wide variety of schemes in the EEC, and is now the largest single borrower on the European capital markets.

Other infrastructure scheme likely to qualify in the future for big loans include the high-speed train network (TGV) planned to link France, Belgium, West German and the Netherlands, and major environmental and flood protection schemes on the Po, Tiber and Arno rivers in Italy.

The bank lends to projects which link two or more EEC countries, which boost regional development, protect the environment, provide new energy sources, and promote advanced technology and small businesses. It also lends to developing countries which are members of the Lome convention, and operates EEC loans to non-member states in the Mediterranean region.

Lending for advanced technology projects increased from Ecu325m to Ecu574m between 1985 and 1986, and on environmental schemes from Ecu 360m to Ecu 702m. More than 3,800 small scale ventures were financed both from the bank's own resources, and from the European Commission's New Community Instrument.

Mr Ernst-Gunther Broder, the EIB president, said the financing of large infrastructure schemes like the Channel Tunnel would not canuse any problems for other bank financing. The money would be raiser from the capital markets over five or six years, in the normal course of EIB borrowing

Mr Treuman said the loan would be dependent on the Eurotunnel consortium sucessfully ecompelting its xent £750m share issue in July.

The consortium is seeking more than £5bn in loans and standby credits from more than 40 international banks, but the EIB participation, brining its triple A credit rating on the capital markets, is likely to give the project a significant boost.

EIB to borrow, Page 22

Court asked for 15-month sentence on Lambsdorff

STATE prosecutors in Bonn yesterday asked the West German capital's Regional Court to hand down a suspended 15-month jail sentence on Court Otto Lambsdorff, a former Economics Minister, for alleged tax evasion, Peter Bruce reports

Count Lambsdorff, who is being mentioned as a contender for a Cabinet post as Chancellor Helmut Kohl rebuilds his coalition Government, listened impassively as the chief prosecutor in the case told the court he had deceived tax authorities for more than 10 years to collect money for his party, the liberal Free Democrats (FDP).

The prosecutor said Count Lambsdorff had evaded, or aided and abetted the evasion, of tax payments worth DM 1.5m (£495,000). Mostly, this was allegedly done through the establishment of donation collection clubs which had a form of charitable status and which then passed funds onto the FDP.

The prosecutor said the Count, as FDP treasurer, had misled tax authorities in order to win special status for the collection clubs.

Count Lambsdorff has been on trial, with two others, since the summer of 1985 following the uncovering of the so-called Flick bribery affair. Earlier this week, the prosecutors dropped a far more serious charge of corruption against him.

Campaign against Aids boosted

BY DAVID MARSH IN BONN

THE West German government is shrugging off criticism from the Catholic church and widening an advertising campaign encouraging people to use contraceptive sheaths to lower the risk of catching Aids.

Mrs Rita Suessmuth, the Family Minister, who is responsible for spending around DM 20m (£7.3bn) from the federal budget this year to combat the disease, yesterday justified the publicity campaign as helping to save lives.

A new set of government-sponsored advertisements exhorting the use of condoms is set to appear during the next few day alongside the columns of notices advertising call-girls and prostitutes which appear regularly in the small ads of newspapers.

These warnings, contained in the form of pithy rhyming couplets, are timed to coincide with the high point of the German carnival season when random sexual activity is presumed to be on the increase.

A television campaign is also planned for the springtime to alert the population of the dangers of the Aids virus, which is spread by infected sperm or blood and for which there is no known cure.

The Permanent Council of Catholic Bishops on Monday protested against a widespread Aids campaign

It termed as "unworthy" the promiscuous sexual practices which the advertisements appeared to condone.

A spokesman for the Family Ministry said yesterday: "When one knows the Catholic church, the criticism is really quite moderate."

West Germany, faced with 850 known sufferers from the disease and an estimated 50,000 to 100,000 people who might be infected, has been one of the first European countries to launch advertising campaigns to try to contain it.

The Government in 1985 distributed 27m leaflets to homes to explain the dangers of Aids

Alan Friedman, recently in Sicily, reports on a historic party conference

Christian Democrats try to shed Mafia links

IN THE foyer of the Holiday Inn at Naxos, near Taormina on the eastern coast of Sicily, the crowds were swarming. The hotel had been opened especially for a two-day meeting of 600 Christian Democrat politicians and regional officials, which meant that Naxos, a town which reached the height of its splendour as a Greek colony about 500 BC, was again the centre of national attention.

Mr Ciriaco De Mita, the hard-nosed leader of Italy's Christian Democrat party, was the undisputed star of the assembly; whenever he descended from his suite of rooms on the sixth floor and appeared in the foyer the crowds would surge forward. Mr De Mita would then be surrounded by around 30 or 40 local MPs, city counsellors, officials, political groupies and journalists.

In the Sicilian chaos, the air was thick with tobacco smoke and local dialect. Poor Mr De Mita had only a few inches of breathing space, but this being a Latin culture the cheek-to-cheek proximity did not seem to bother anyone. All that could be seen, however, was the top of Mr De Mita's bald head and one of his hands, tracing an arc through the air as he argued a point.

Downstairs, in the ballroom of the hotel, the atmosphere was different. Here, with an audience which sometimes jumped from 600 to 1,000 people, Mr De Mita sat with the leaders of his party in Sicily and listened to nearly 20 hours of speeches, almost every one on the singularly important subject of the *Rinnovamento* or "renewal" of the Christian Democrat party in Sicily.

For the last two years a new generation of Christian Democrat politicians has been working in Sicily to emerge from crisis.

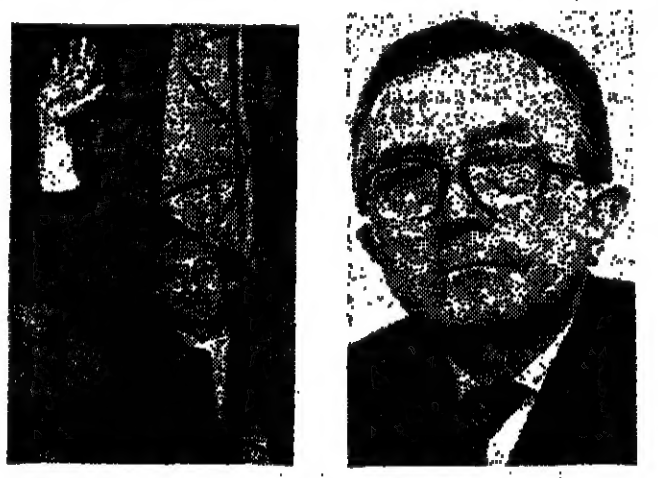
The crisis of the past consisted of declining votes (although the Christian Democrats remain the largest party on the island), a string of failed local governments, the arrest of a former mayor of Palermo on charges of working with the Mafia and a general feeling that the Christian Democrats and the Mafia had numerous ties.

Last June, however, saw a surge in the party's electoral support, particularly in Palermo where it reached 43.5 per cent. The new mayor of Palermo, Mr Luca Orlando, a 38-year-old anti-Mafia campaigner and law professor, has done much to improve the image of the party.

He has changed the system of awarding municipal contracts, which in the past went frequently to Mafia-linked contractors. He has worked with Mr Sergio Mattarella, a Rome MP whose brother, then president of the regional government, was slain in 1980 by the Mafia.

The forces of renewal, therefore, include Mr Matterella, Mr Orlando and many younger members of the party. Mr De Mita, with a certain air of satisfaction, said he believed "we have changed the party here in a profound way and in the face of many obstacles." Thus Mr De Mita, who is also trying to renew the Christian Democrat Party at the national level in Italy, developing the idea of issues in campaigns and trying to unify formerly antagonistic factions, was in a festive mood along with his reformist allies in Sicily.

One of the main obstacles to the party's renewal was lurking prominently among the 600



Left: Ciriaco De Mita . . . star of the assembly. Right: Guilio Andreotti . . . old maestro of Italian politics.

delegates. His name is Salvo Lima, a dapper white-haired member of the European parliament in Strasbourg and for the past 30 years the behind-the-scenes king-maker of the Christian Democrat Party in Palermo.

Mr Lima, a man to both respect and fear in Sicily, is also the leader of that part of the party which channels votes and finance to the faction led by Mr Giulio Andreotti, the veteran politician who was five times prime minister in the 1970s, is currently foreign minister in the Craxi Government, is supposed to take over the premiership from Mr Craxi in a couple of months and is the most serious opponent of Mr De Mita within the party.

Mr Andreotti is, of course, the maestro of Italian politics, Italy's "teflon" politician who walks away from allegations of wrongdoing with both frequency and tranquility. Mr Lima is also a politician to reckon with: in the 1970s he was accused by the minority members of the parliament's anti-Mafia commission of having ties with the Mafia. The Communist party leader in Palermo even named him, while the Naxos conference was taking place, as someone who is allegedly tied to the Mafia.

Back at the Holiday Inn, it was finally Salvo Lima's turn to speak. "Here comes Andreotti's pro-consul," whispered one MP. Suddenly the ballroom fell into an eerie silence and the elegant Mr Lima began to speak.

His message was that the so-called renewal of the party was resulting in a technocracy, the renewal would not succeed, the renewal was misguided. Then, with Mr De Mita shifting in his chair, Salvo Lima stared out at the crowd of Christian Democrats and said: "I know that I am seen as a force of evil, as opposed to a force for good. But I serve my constituents."

Afterwards, Mr Lima strutted out of the auditorium with perhaps 100 followers. In the crowded bar upstairs, where he ordered dozens of coffees and accepted kisses on the cheek and hand-shakes from his fans, Mr Lima explained: "I am perhaps part of the evil here, but at least I get things done."

The Lima speech, in the view of several reformists in Sicily, was the sign of a faction of the party which has seen its influence diminish of late. The strong terms in which the speech was couched were taken as evidence by some of the younger politicians that the modernisers are making headway. "The old guard is in retreat," said one MP.

None the less, Mr Rino Nicolosi, a reformer who is president of the regional assembly of Sicily, later warned that "both inside and outside the party there are those who are waiting along the river bank to watch the cadaver of renewal floating by."

Mr De Mita, who tried to look nonchalant about the Lima speech, said he was "surprised" at the refusal to accept change in the party. "I personally do not think that the political interests of Mr Lima coincide with those of the Mafia and therefore I am astonished at his accusations and attack," he said.

Several delegates at the Holiday Inn said the two-day meeting showed most of all that this was a decisive moment for Sicily.

In the smoke-filled halls of the Sicilian hotel the difficulty of the task facing Mr De Mita was quite clear. The sworn enemies of renewal had gone public.

Rotterdam solidarity

Unions at Belgium and West German ports have agreed to turn away all ships diverted from strike-bound Rotterdam, the Dutch port and transport union (FNV) said yesterday, Reuter reports from Rotterdam.

The Rotterdam strike, in protest at 800 planned redundancies in the 4,000-man general cargo sector, entered its 11th day yesterday.

Mongolian visit

Mr Mangalyn Dugersuren, the Mongolian Foreign Minister, arrived in Moscow yesterday for talks expected to concentrate on a planned withdrawal of some Soviet troops from his country, Reuter writes from Moscow.

Nato stresses commitment to MBFR discussions

BY PATRICK BLUM IN VIENNA

NATO countries hope that an agreement may still be reached at the 13-year Mutual and Balanced Force Reductions (MBFR) talks in Vienna despite increasing signs that they may be wound down to make room for broader negotiations.

Speaking on behalf of Nato on the opening of a new round of the talks after their Christmas break, Mr Jan Hein van de Mortel, the head of the Netherland delegation was at pains to stress the Western alliance's continued commitment to achieving results in the MBFR talks.

Nato's recent decision to start talks with the Warsaw Pact about a new forum to discuss conventional forces reductions, "does not mean any reduction of interest on the part of the Western participants in the MBFR negotiations," he said, warning that "the problems, which confront the sides in this negotiation will not disappear in the new forum."

Mr Nikolai Nieland, the Soviet spokesman also reaffirmed the Warsaw Pact's commitment to MBFR, but expressed pessimism about the chances of reaching an agreement. The Warsaw Pact was also "still waiting" for a formal response to its calls for new negotiations of substantial reductions of conventional forces "from the Atlantic to the Urals" made in Budapest in June and formally proposed in December by Poland at the Vienna Conference on Security and Co-operation in Europe.

Nato agreed in principle shortly after to start preliminary talks on a new forum but Mr Nieland said yesterday: "We consider that we have not yet received an adequate reply from (Nato in) Brussels."

Earlier this week Mr Warren Zimmermann, head of the UN delegation at the Vienna conference said that preliminary talks on a new forum would start within weeks, and that if successful "it stood to reason" that the MBFR talks would be phased out.

Foreign trade expected to fuel growth in Switzerland

BY JOHN WICKS IN ZURICH

tion, has estimated that Switzer-PROGNOS, a leading Swiss economic forecasting organisation, has estimated that Switzerland's economy could grow by about 30 per cent in the period 1985-2000.

By the turn of the century, the Swiss Bank Corporation subsidiary reckons gross domestic product in absolute terms will be about SFr 238.3bn (£102bn). This would mean an annual increase in real terms of about 1.8 per cent.

Future economic growth is seen as being fuelled particularly by foreign trade. The Prognos study estimates that export's share of GDP could rise from 40.4 to 53.8 per cent over the 15-year period and that of imports from 42.7 to 59.2 per cent.

The Basle-based body bases its suppositions on a slow growth in population from about 6.45m to 6.5m and an almost unchanged workforce of some 3m. Productivity is expected to improve at an average rate of about 1.9 per cent each year.

Within the labour force, the number of industrial employees could fall to some 817,000 with the loss of 129,000 jobs though this would be virtually offset by increases elsewhere. Banking and insurance could increase their joint share in the national workforce from 9.2 per cent in 1985 to 13.1 per cent in 2000.

The forecasters expect an average increase in consumer goods prices of some 2.1 per cent up to 1991 and of about 3 per cent from then until the end of the century.

East Europe reacts in diverse ways to Gorbachev's democracy call

BY LESLIE COLITT IN BERLIN

EASTERN EUROPE has reacted in widely different ways to the appeal by Mr Mikhail Gorbachev, the Soviet leader, for greater democracy in the Communist Party and economy.

East Germany published a summary of Mr Gorbachev's speech delivered earlier this week to the Soviet Central Committee. However, it contained virtually none of his scathing criticism of the rule of Mr Leonid Brezhnev, the former Soviet leader.

Instead the main East German Communist Party newspaper Neues Deutschland, ran a summarised Tass account of the speech which dropped Mr Gorbachev's references to the corruption, abuse of authority and criminal activities of senior Soviet officials in the past.

This version, distributed by Tass to its clients in Eastern Europe, was apparently cleansed in Moscow of such damning criticism.

The orthodox East German Communist Party has made it plain that it does not regard Mr Gorbachev's crusading style as at all aplicable to the East German situation. The East German leadership is concerned lest his appeals for sweeping changes in Soviet society be misunderstood as a call for similar action in East Germany.

For its part, Moscow appears content to allow the East Germans to decide what is ideologically acceptable to them.

Surprisingly, the normally ultra-cautious Czechoslovak Communist Party published a verbatim account of Mr Gorbachev's keynote speech in the party newspaper Rude Pravo.

One theory circulating in Prague was that the leadership wanted to refute persistent rumours that it was censoring news from the Soviet Union in the Czechoslovak media and had even prevented certain issues of Pravda, the Soviet communist newspaper, from entering Czechoslovakia.

The publication of Mr Gorbachev's speech in full by the Czechoslovak press was all the more remarkable as it contained references to past abuses and recommendations for democratisation first raised in 1968 by Mr Alexander Dubcek, the reformist Czechoslovak communist leader. He was deposed after Mr Brezhnev ordered the occupation of Czechoslovakia by Warsaw Pact troops in August 1968.

Official newspapers in Poland quoted extensively from Mr Gorbachev's speech and a commentary appeared in the newspaper Zycie Warszawy citing the "revolutionary nature" of the changes he sought to bring about.

Mystery death spotlights Swedish arms trade investigation

Sara Webb reports on apparently uneven application of export licence policy

FEW MURDER investigations in Sweden can eclipse that of Mr Olof Palme, the former Prime Minister, when it comes to grabbing the public's attention.

However, the mysterious death of Mr Carl-Fredrik Algernon, the Swedish armaments inspector, has set off a police murder investigation and at the same time, brought to the fore the question of Swedish arms export policy yet again.

Mr Algernon, the country's 61-year-old armaments inspector, died recently when he fell in front of an underground train in Stockholm's central tube station during the rush hour.

The Stockholm murder squad is now investigating whether Mr Algernon was pushed under the train by someone on the platform and has questioned witnessess who claim they saw Mr Algernon being pushed.

Mr Algernon's untimely death may further delay the conclusion of police and customs investigations into alleged arms smuggling activities. For as the armaments inspector, Mr Algernon was responsible for collecting information from Swedish arms manufacturers so that the government could decide whether to grant the necessary export licences. It has been suggested that Mr Algernon had vital information about licence discrepancies. Another key figure, Mr Bengt Rosenius, who was the previous inspector and who could have shed light on the case, died in 1980.

The issue is important because according to guidelines passed in 1971, Sweden is not supposed to export armaments to countries which are involved in armed conflicts or which are in conflict-torn regions (such as the Middle East), or which suffer from violent domestic unrest, or are suspected of using weapons for the suppression of human rights.

While the broad sweep of these guidelines might seem to rule out most countries in the world, the Swedish Government does not keep a checklist as such, but examines each export application on its own merits.

The criticism mounted against this is that often what counts are jobs in Sweden and the sheer mathematics of the order rather than a fair assessment of how a particular country measures up to the guidelines.

The Swedish Peace and Arbitration Society, known as SFSF, has been a main force behind the campaign against arms exports to countries in conflict area. It has lobbied for a full investigation into whether Bofors, the armaments subsidiary of Nobel Industries, was aware of where its weapons were diverted to.

SFSF has compiled information since 1984 on the case and claims that:

- 304 Bofors Robot-70 missiles were sold to Dubai and Bahrain in 1979-80, via Singapore;
- 500-900 Robot-70 missiles were marketed and sold to Bahrain or Dubai, through Singapore, at some time between 1982-84;
- 200-400 Robot-70 missiles were sold to Iran in July 1985, through Singapore;
- About 40 naval anti-aircraft guns were sold to Singapore, and some were re-exported to Thailand.

According to Jane's Fighting Ships, the ships which Singapore has built since 1981 and which it has plans to build, could only account for about 24 of these guns.

SFSF claims that Bofors signed its own contract with Dubai and Bahrain, but that Singapore was put on the end-user certificate. What the Swedish police have been trying to investigate is whether the weapons really were re-exported, and whether Bofors knew about this. If found guilty, those responsible at Bofor's could face prison sentences of between six months and six years.

Bofors will not comment on the case while the investigation is under way except to say "all our exports have been with licences from the Swedish authorities" and "it is not illegal to market armaments in Dubai and Bahrain."

The investigation has already been delayed, but the death of Mr Algernon, who had direct access to export licence information and who had recently been called for talks with the customs investigators about the smuggling of Swedish explosives worth over SKr 60m (£6m) to Iran (via Italy and Yugoslavia), as well as to Syria, East Germany and Egypt between 1983-85, will probably mean further delays before the case is brought before the courts. The customs investigators are hoping to question the former minister for trade, Mr Mats Hellström, provided they are given permission to do so by the Constitutional Committee.

While the public waits for the results of the investigations, the question of whether the Government is being consistent in its interpretation of the guidelines refuses to go away.

According to the Armaments Inspection Department: "If there is internal conflict in that country, we have to see how that material is being used. If there is guerrilla warfare in the hills, it does not mean we can't sell submarines."

While Sweden is a small neutral country, it expects to support its own weapons industry with exports, using the money to help improve weapon technology for the Swedish defence forces.

Only last April, Bofors won an order from India to supply complete field artillery systems based on the Bofors FH77B Howitzer.

The order is worth Skr 8.4bn, and is one of the biggest export contracts ever won by a Swedish company. It is expected to provide Bofors and its Swedish sub-contractors with work for 2,000-3,000 employees over the next five years.

Bofors itself created 500-600 new jobs at the end of 1986 specifically in connection with the Indian order. The company is a major employer in the Karlskoga area of Sweden, where Bofors and another Nobel Industries company — Nobel Chemicals — together employ about 80 per cent of the workers in the area, an important role given that this region has suffered from closures in the steel industry.

SFSF argues that those weapons could be used against Pakistan. The Government justifies the order on the grounds that relations between India and Pakistan have improved, but the tacit feeling is that the jobs were an important sweetener and that the deal represents a softening of Swedish policy over arms exports when the order is large enough.

Arms exports from Sweden have varied between 0.62-1.5 per cent of total exports since 1975. The value of arms exports has shown a steady increase and in 1985, arms exports totalled Skr 2.137bn.

About 66 per cent of the exports are from Bofors and FFV, the state-owned manufacturer, though some 50 different companies are involved altogether. While there are those within the ranks of the Social Democrat Party who voice concern over the developments of the past decade, it seems unlikely that the Government will take a tougher line.

Bonn spy charge

A SENIOR West German Defence Ministry official has been formally charged with espionage for a Warsaw Pact country, Mr Kurt Rebmann, the Federal Prosecutor said yesterday, Reuter reports from Bonn. Mr Juergen Westphal, a 48-year-old senior civil servant on the ministry's central policy staff, was arrested in Bonn on December 9.

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Zhao seeks to keep 'door' open but rebels out

BY ROBERT THOMSON IN PEKING

THE NEW general-secretary of the Chinese Communist Party, Mr Zhao Ziyang, warned yesterday that the campaign against western influence must be strictly limited but promised that disciplinary action would be taken against errant party members.

Mr Zhao, who is still Prime Minister, showed that the party feared the drive against "bourgeois liberals" was running out of control. Yet he was sufficiently vague in his speech at a Chinese new year function to appease conservative and reformist officials in a period of political turmoil.

Several conservative officials this week have praised the "spiritual pollution" campaigns of three years ago in which everything from hairstyles to humanism were criticised by *Marxist zealots, who were later* criticised themselves for their *extremism.*

Mr Zhao said China would not *launch another political* movement, though it would continue *to discipline "bourgeois* liberals." He said the drive would be strictly limited to the Communist Party and would not extend to rural areas.

"We welcome those comrades who have made mistakes, including serious mistakes, to correct them," he said. Mr Zhao did not say what would happen to those who do not repent, and gave no clues as to the background to the demise of Mr Hu Yaobang two weeks ago.

He was coy about the sensitive political reform programme that apparently played a key role in Mr Hu's fall. He noted that "many people have been concerned about elections this year," and admitted that the "task of political structural reform" is on the agenda, but said it would be tackled at "an appropriate time."

Mr *Zhao* said the "*open* door" would remain open and that *domestic* economic reform would continue. However, he put *the campaign against* "bourgeois liberalism" on the same level as *economic* reform.

Kabul presses on with plan for reconciliation

THE AFGHAN Government is pressing ahead with a plan for national reconciliation involving an end to civil war and the return of millions of refugees, despite its rejection by guerrilla leaders, according to a senior official, Reuter reports from Kabul.

Mr Sayed Amanuddin Amin, Deputy Prime Minister told a group of Western reporters in Kabul yesterday that he could see no military solutions to the eight-year-old struggle between Moslem guerillas and the Soviet-backed Afghan Government.

Mr Amin said Pakistan-based guerilla leaders, who rejected the reconciliation plan put forward by Mr Najibullah, the Afghan leader, over the New Year, represented only seven parties in the widely split guerrilla movement.

"I hope all those who refuse it will come together and sit at the table to solve this problem," he said.

Mr Amin, who holds responsibility for the economy, reported to the Cabinet earlier this week on what the official media called draft documents forming "the economic and legal basis of national accord."

A former businessman and one of five deputy prime ministers, Mr Amin is a member of a committee drafting a new constitution which the *Government* hopes will induce its opponents to join a coalition administration.

Few details are yet known about the constitution, but Mr Amin said it was "very reasonable and acceptable." It would enshrine Islam as the state religion, respect national customs and ensure wide freedoms for private businessmen.

This last aspect was stressed at the Cabinet meeting by Sultan Ali *Keshtmand, the Prime Minister,* who said it should aim at increasing production of consumer goods.

The Prime Minister, in a comprehensive economic report, also called *for more efforts to welcome* returning refugees.

Mr Amin said yesterday that the authorities faced problems of supplying social services, food and transport to the returnees.

Israel austerity budget

BY ANDREW WHITLEY IN TEL AVIV

THE ISRAELI *Government* presentedm a Shl 39.3bn ($24.6bn) austerity budget to parliament yesterday for the fiscal year commencing on April 1.

Mr Moshe Nissim, Finance Minister, called for another year or two of restraint in public and private consumption. Treasury officials warned that further cuts in expenditure were almost inevitable, to assist troubled agricultural settlements and defence industries.

Mr Aaron Fogel, budget director *at the Finance Ministry,* was reported yesterday as *saying that hundreds of millions* of dollars would be needed in the coming year to save the settlements from the unprecedented crisis they faced.

The main lines of the 1987-88 fiscal budget were agreed two weeks ago by the coalition cabinet, as part of a package of reform measures designed to liberalise the economy and encourage private sector growth.

Principal features of the new budget are a planned small reduction in public sector employment and a range of tax increases in such areas as education and municipal levies. Public sector wages are also expected to remain unchanged.

The expenditure plans consist of Shl 26.4bn for the so-called ordinary budget, covering *current expenditure,* and Shl 11.3bn for development *spending and debt repayment.* Defence eats up 21 per cent of expenditure and debt servicing 40 per cent.

S. African newspapers win gag appeal

By Jim Jones in Johannesburg

THE *Rand* Supreme Court yesterday ruled in favour of an appeal by the country's two leading English-language press groups, Argus and South African Associated Newspapers, against a nation-wide prohibition on reporting on the activities of proscribed organisations, such as the African National Congress.

The court ruled that the police chief who imposed the prohibition on January 8 had exceeded his powers. *It* rejected the press groups' appeal against an accompanying government notice prohibiting encouragement of support for unlawful organisations.

The probitions were introduced the day after several newspapers had carried *advertisements* placed by three leading anti-apartheid *groups calling* for the unbanning of the ANC.

They were in addition to reporting restrictions which were *reinforced in December* last year and which prevent *the local press from quoting* banned people or organisa*tions and from unauthorised* reporting on unrest, boycotts, *illegal gatherings* and alternative administrative struc*tures established* in black townships.

Mr Rex Gibson, acting editor of the country's *largest daily* newspaper, *The* Star, argued in court that the *restrictions made it almost* impossible for newspapers to *carry on their daily business* without committing a *criminal offence.*

Australia's inflation rate reaches 9.8%

By Chris Sherwell in Canberra

AUSTRALIA'S ANNUAL inflation rate increased to 9.8 *per cent in 1986, the highest* since mid-1983 and four times *higher than its main trading* partners.

Figures released yesterday by the Australian Bureau of Statistics showed the consumer price index up 2.9 per cent in the three months to December compared with the previous quarter, and 9.8 per cent higher than in the same quarter of 1985.

The figures were in line with forecasts and financial markets reacted calmly. The Australian dollar finished the day marginally firmer at 66.04 cents to the US dollar, up less than 0.1 cents, and at 52.9 on a trade-weighted basis, up from 52.7.

The Labor Party Government claimed inflation had peaked, but the opposition Liberal Party blamed its policies, saying the country would be in even more trouble unless the Government was *changed.*

The December increase was *the biggest since* the April-to-June quarter of 1983, when prices rose *11.2 per cent* compared with the corresponding quarter *the previous year.*

A breakdown of the figures shows the principal sources of the rise were motor vehicles, automotive fuel, tobacco and alcohol and medical services.

The figures mainly reflected the continuing impact of the depreciation of the Australian dollar. They also suggested, however, that wage restraint would become more difficult.

John Elliott reports on the array of problems facing India's PM

Strain begins to tell on Gandhi

AFTER TWO years of confounding his critics with the extent of his control of events within the world's largest democracy, Mr Rajiv Gandhi suddenly appears to be in deep trouble.

During the last month tension has mounted on the sensitive Indo-Pakistan border and bloody dissent has broken out again in Amritsar as extremist Sikhs renew thei campaign for automony in the Punjab. At the same time, criticism of his personal style of government has been voiced in cabinet and key cabinet changes have been forced by faltering foreign and economic policies.

In a swift move last weekend, he made himself temporary Finance Minister and handed over the job of Defence Minister to Mr Vishwanath Pratap Singh, who *had* held the finance portfolio for two years and *had successfully* spearheaded Mr Gandhi's economic liberalisation policies.

There is a sharp difference of opinion among political observers in New Delhi over why this happened. The question is whether Mr Singh was moved primarily to bring his personal authority to the Defence Ministry at a time when border tensions with neighbouring Pakistan have increased seriously.

Alternatively, the aim may have been to end Mr Singh's somewhat controversial and occasionally abrasive reign at the Finance Ministry. Despite his widely respected integrity and his growing political success and popularity, Mr Singh has been constantly criticised by top industrialists and others for corruption raids on their homes and offices, and clashed with the Industry Ministry recently over duty concessions on imported car components and capital goods.

Mr Gandhi appears to have seized the opportunity of the Pakistan border confrontation to move Mr Singh gracefully to another top post of immediate importance, while taking the finance job himself with just enough time left to prepare the budget for its traditional fixed date of February 28.

Gandhi: trouble on all fronts.

His speech, which might be seen as a mid-term manifesto half-way through the election cycle, will almost certainly show that his basic economic liberalisation policies are unchanged, while trying to make them seem less abrasive.

Internationally Mr Gandhi's image is still strong. But at home he has suffered seriously from a series of political setbacks, especially the growing Sikh violence in the Punjab, and from an apparent inability to appoint and maintain a stable Cabinet.

He has had six important Cabinet reshuffles, excluding last weekend's change, since he became Prime Minister a little over two years ago. Mr Singh was the only senior minister not to *have* been moved in that time.

Mr Gandhi also suffers from a tendency to make impatient and glib off-the-cuff remarks in public, especially at Press conferences, which cause considerable offence and reduce his own standing.

Last week Mr A. P. Venkateswaran, the Foreign Secretary and a widely-respected top diplomat, suddenly resigned a few hours after being the butt of one of these remarks at a press conference.

Mr Venkateswaran had apparently made the mistake of standing up to Mr Gandhi in private discussions on relations with Pakistan and other issues. It is believed that Mr Gandhi had decided to move him, possibly to be high commissioner in London. But the first Mr Venkateswaran knew about this was when Mr Gandhi told a journalist at the press conference: "You will talk with the new foreign secretary soon." He immediately resigned.

Because of Mr Gandhi's personal style and his tendency to make constant changes of bureaucrats as well as politicians, he has built up a lead of resentment at high levels in the home civil service and the Foreign Ministry, and created many political enemies.

His administration is not a happy one, although his name and the absence of any significant national opposition parties mean that he would almost certainly easily win a general election were one called immediately.

But he is about to face provincial government elections in five states where his Congress I party will not do well. A possible defeat in Haryana, one of the five states adjacent to the troubled Punjab, could undermine his personal authority as prime minister and boost his critics' public appeal.

The escalation of border tension with Pakistan has to be seen in this context. There is no sign in either country, especially in Pakistan, of a wish for war, though the leaders of both countries can gain politically from exaggerating the risk of invasion.

India is about to carry out its largest military exercises for over three years near the Pakistan border. Pakistan has consequently left some of its forces near the border for longer than usual after completing their annual winter exercises.

Mr Gandhi used this move as a reason suddenly to escalate the tension last weekend. He then tried to defuse it by proposing talks which are to take place tomorrow in New Delhi between top diplomats from the two countries. But at the same time he was moving tanks and troops into sensitive areas, especially the Punjab.

This troop movement has enabled the army to seal the border with Pakistan, which is accused by India of aiding Sikh extremists, so over-riding constitutional objections to such an army presence from the Sikh's ruling Akali Dal party in the Punjab.

The troop movement also means the army is in position to swing quickly into action, should Mr Gandhi decide to put the Punjab into a constitutional state of emergency. He would do this to try to quell the escalating Sikh violence, but might time the move to help him win seats in the Hindu-dominated state of Haryana by showing he is being tough with the Sikhs.

Mr Gandhi's expected budget speech will come around the time that India's troop exercises finish, but before the Haryana and other state elections. While he will be able to report some improvements in industrial growth and export achievements, there are some crucial problems of public expenditure and industrial efficiency which need to be tackled.

Mr Gandhi will also probably do more for the poor, after two budgets which have mainly benefited the middle and upper classes.

But he will have to do more than this to repair his image domestically. Recent events suggest that the strain is beginning to tell, 27 months after the assassination of Mrs Indira Gandi catapulted him into the job of prime minister.

Iran claims further advance on Basra

By Our Middle East Staff

IRAN yesterday claimed a further advance towards the southern Iraqi city of Basra following a three-pronged overnight offensive.

It said its forces had killed or wounded more than 2,000 Iraqi troops and moved into new positions west of the Jasim River and less than six miles from Basra.

A military communique said Iraq's 2nd armoured brigade, its 431st infantry brigade and the 5th brigade of the Presidential Guard had been badly mauled in the fighting. This brought to 44,700 the number of Iraqis that Iran says have been killed or wounded in the past two weeks of fighting.

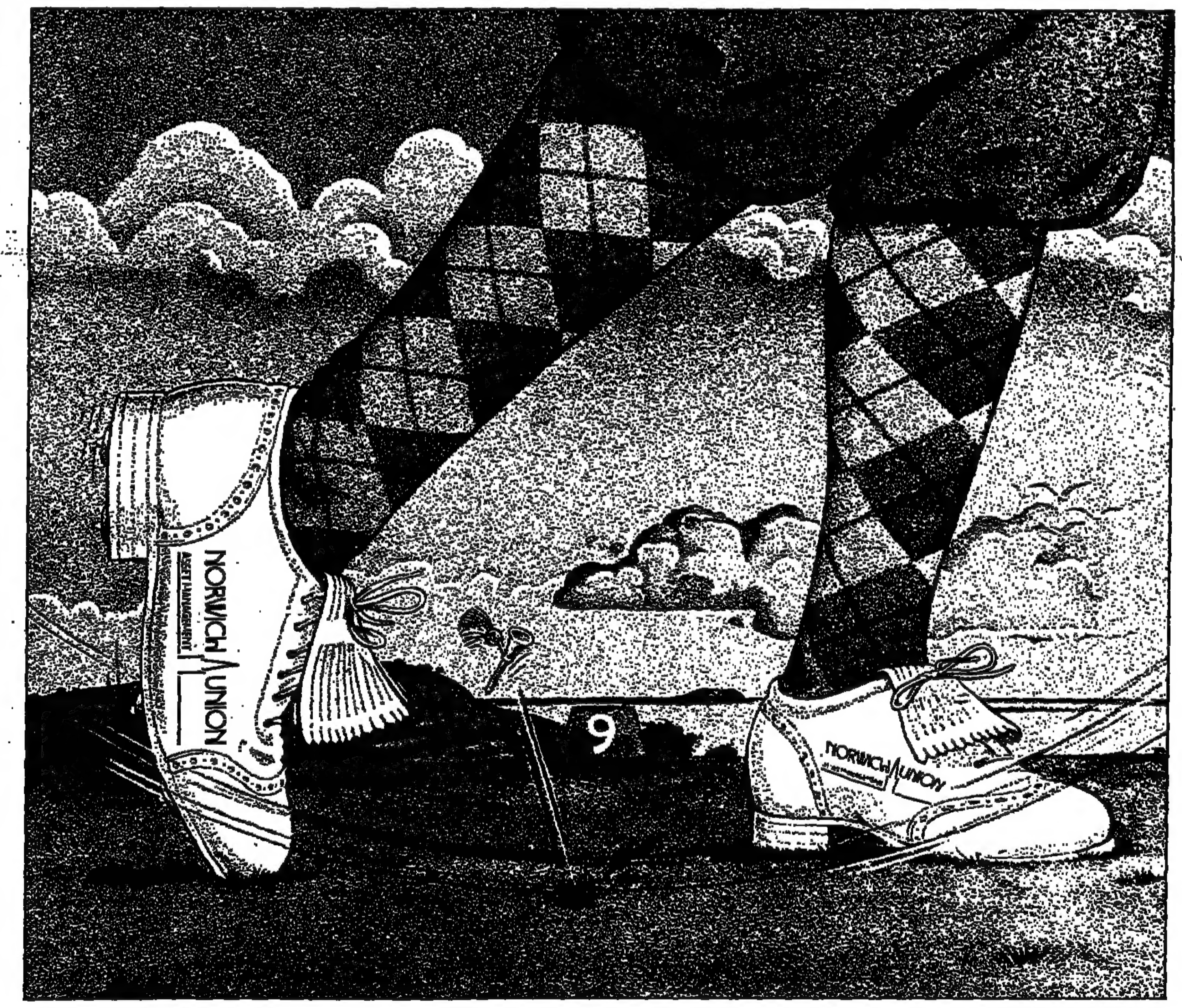
However, western military analysts stress that Iran still has to surmount formidable defensive obstacles before it reaches the outskirts of Basra. They believe that it remains more likely that Iran will open another front north of the Iraqi port and perhaps link this with an offensive from the Fao peninsula.

Iraq said aircraft had attacked the Iranian port of Mahshahr causing substantial damage.

Zambia currency

ZAMBIA'S central bank said yesterday a two-tier foreign exchange system would be introduced next week valuing the kwacha at one floating rate for state-controlled companies and another for currency auctions to the private sector, Reuter reports from Lusaka.

The bank's general manager Mr Michael Mwape gave the details after President Kenneth Kaunda sacked the Finance Minister Mr Basil Kabwe before the budget speech today.



WORLD TRADE NEWS

Deal clears way for Gatt round

BY WILLIAM DULLFORCE IN GENEVA

THE URUGUAY Round of trade liberalising negotiations finally moved onto the road yesterday after a compromise over the plan for handling agriculture was reached between the European Economic Community and the other principal farm trading nations.

Under the programme approved by the General Agreement on Tariffs and Trade (Gatt) countries, 14 negotiating groups will be established to remove obstacles to free trade, to halt the spread of protectionism and to expand the scope of the Gatt.

All the groups will hold their first meeting before the middle of April. Most aim to complete the ground-clearing work this year and it is hoped to finish the whole programme in four years. A separate group will try to draw up a multilateral framework of rules for trade in services.

Despite the failure to meet the December 19 deadline set by trade ministers for announcement of the programme, Mr Arthur Dunkel, the Gatt director-general, claimed that Gatt's eighth global negotiating round was getting under way faster than the previous Tokyo Round.

By agreeing to the negotiating programme yesterday at a time of sharp trade tension, Gatt governments had demonstrated that they wanted to be sure of *a place to negotiate multilateral* agreements, Mr Dunkel said.

It took an all-night session on Wednesday to resolve — by the insertion of two sentences — the conflict over the negotiating plan for agriculture which had pitted the EEC against the US and the Cairns group of farming countries led by Australia.

One sentence, responding to the demands of the US and its *farming allies, stipulates* that proposals for agricultural reform should be submitted and examined this year. The other *calls for* the initiation of negotiations on the proposals in a subsequent stage, without pinning the EEC down to start bargaining at the beginning of 1988, as the US had wanted.

French politicians' concern that no substantive talks capable of affecting the EEC Common Agricultural Policy should be started before the presidential election in May 1988 has been met.

At the same time, Mr Alan Oxley, the chief Australian negotiator, was satisfied because, he claimed, the work plan circumvented EEC attempts to preclude countries from tabling proposals for reform in 1987 and starting negotiations in 1988.

World agricultural trade, distorted by the massive subsidies paid by governments to farmers and to *subsidise food* exports, is already shaping up as the controversial centrepiece of the Uruguay Round.

Mr Tran Van Thinh, the EEC's negotiator, yesterday underscored that if the US continued to exact heavy prices from the Community through bilateral action, as it had just done in the dispute over its maize and sorghum sales to Spain, it could expect the Community to respond in kind during the Gatt negotiations.

Arthur Dunkel: talks under way.

For all the current bitterness, particularly among the French over the maize war with the US, the EEC has agreed under the programme for the Uruguay Round to bring all measures affecting import access and export competition in farm trade under strengthened Gatt rules.

It has accepted that the talks should increase discipline in the use of all direct and indirect subsidies affecting farm trade and aim at the "phased reduction of their negative effects." It has, however, not committed itself to the timing of this process.

Mr Mike Samuels, the chief US negotiator, claimed that the work programme for the Uruguay Round contained "everything we need." Procedural barriers to achieving the objectives outlined in the 14 negotiating plans had been eliminated.

In addition to the separate group examining trade in services, which Washington wants brought within the scope of Gatt, US special interests have been met by the inclusion of groups to negotiate on trade-related investment and intellectual property rights, including trade in counterfeit goods.

Developing country interests are reflected in the group on tropical products, which the industrial nations have agreed *should have its results* implemented swiftly.

India's insistence on a group to handle textiles and clothing has been met, *but its work will* be co-ordinated with groups on tariffs, non-tariff measures and natural resource products under one chairman.

India has undertaken not to press for rapid results, to avoid embarrassing the Reagan Administration with a US Congress which is highly protectionist towards textiles.

Austria set for $199m Iran rail contract

By Patrick Blum in Vienna

THE AUSTRIAN power and railways engineering company Simmering-Graz-Pauker is poised to sign a contract with Iran which could be worth up to Sch 2.5bn ($199m) for the delivery of railway parts and equipment.

Some financial aspects of the deal have still to be finalised, but it is understood that it does not include any countertrade, in spite of initial Iranian requests for some oil barter.

Final approval will depend on an Austrian bank providing credit for the deal. An agreement on this is expected at the latest by the end of March.

The deal would be for three years, during which the *company would provide parts* and equipment for the manufacture of some 480 passenger carriages to be assembled in Iran at a factory in Arak, about 270 km south-west of Tehran.

The factory was built and equipped some years ago with assistance from the Austrian company, which will be providing know-how and technology to enable the factory to fully produce passenger carriages.

Until now it has produced mainly *freight* carriages and other equipment.

Quality still sells as W German exports suffer currency setback

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S powerful export engine is begining to stutter badly as the relentless strength of the D-mark slows its advance into foreign markets.

After impressive growth rates *in recent years*, leading export industries are now experiencing stagnation or steep declines in markets abroad. Car exports were flat last year, though output hit a new record and new foreign orders for machinery fell by a real 13 per cent.

The anxieties have transmitted themselves to the stock market, though yesterday brought a respite from the continuous selling of recent days, when investors were unnerved by the fall of the dollar to new post-1980 lows. Already in 1987, the stock market has fallen by well over 10 per cent.

While West German industrialists and economists were not slow to warn of the impact of currency changes on exports in 1986, this year is expected to be far tougher in foreign markets Deutsche Bank commented recently: "The deterioration in German competitiveness could have a stronger dampening effect on German export business in 1987 than in 1986."

Since that assessment, the D-mark has become even stronger, both against the dollar and *within* the European Monetary System, where it was recently revalued by 3 per cent. But West German exporters have dealt with currency obstacles before and they are looking much further ahead than the next year.

The West German car industry had a bumper year in 1986, with production up by 3.5 per cent to 4.3m units. West German drivers also bought more new models than ever before: 2.8m, a rise of 19 per cent of which imports accounted for 30 per cent.

But, as Mr Hanns-Erdmann Schönbeck, president of the West German Automobile Industry Association (VDA), put it this week: "Currency shifts have strengthened the competitive position of our rivals." While he did not expect West German car sales to collapse in such key markets as the US, he admitted that profits would be squeezed.

About 60 per cent of West German cars are sold abroad.

The West German trade surplus totalled a record DM 112bn ($63bn) last year, compared with DM 73bn in 1985, the Federal Statistics Office reported.

The December surplus was also a monthly record at DM 11.6bn, against DM 7.9bn in the same month of 1985. The high trade surpluses have prompted foreign *calls for* Germany to stimulate its economy and encourage imports.

This year, with the D-Mark *even stronger* against the dollar and other currencies, West German exports are expected to decline.

The current account surplus, also much higher in 1986 at DM 78bn against DM 39bn, has been forecast by the Bundesbank to fall by some DM 20bn *as the effects of currency* changes show through on goods and service transactions.

Last year, exports rose by less than 1 per cent to nearly 2.6m cars compared with an impressive 15 per cent growth rate in 1985. Luxury car makers like BMW and Porsche, which sells just over half its output of sleek sports models to the US, have already complained about the effects of the dollar's slide.

Still, West German car makers continue to be significant players in the vital US market. Their sales there rose slightly in 1986 to 440,000 cars (17 per cent of total exports), though showing no further growth after the middle of the year.

In the view of Mr Stephen Reitman, European Motor Industry analyst for Phillips and Drew, the UK stockbrokers, West German manufacturers are operating from strength in the US and other markets. Companies such as Daimler-Benz, Porsche, BMW and Audi (part of Volkswagen) command high prices.

"*Quality sells*," he said. "As long as they can show that they are still at the leading edge of technology, people will pay for that extra appeal." Thus, Daimler has been able to raise prices by 20 per cent in the US since October, 1985, with a further 3.9 per cent on the way. With price hikes and a concentration on its more expensive models, the average price of a Mercedes in the US has *increased* from $35,000 in October 1985 to $43,000 last December.

Apart from changes in prices and models, West German companies have also been protecting themselves through hedging operations. BMW, for example, said Mr Reitman, had hedged up to 70 per cent of its US revenues at between DM 2.40 and DM 2.50 to the dollar for its 1986 model year to *last* September and at DM 2.30 for this year. Yesterday, the dollar stood at around DM 1.78.

Even so, earnings are bound to suffer from the bleaker export outlook, notably at BMW and Porsche, he estimated. He thought, however, that BMW could continue to make money in the US, even at DM 1.70 to the dollar. Below that, it would still be *selling cars. The US is* too important a market for West German manufacturers. "No one could seriously countenance a *withdrawal for purely* currency reasons."

At the lower end of the market, Japan has been particularly *successful* adding import worries to the export concerns of the West German manufacturers. Companies like BMW *have raised* sales in Japan sharply from a low base. But Japanese companies have 15 per cent of the West German market, selling DM 5.9bn worth of cars and parts there last year against DM 1.9bn going in the other direction. It is a gap *that* West Germans hope to close.

WEST GERMAN CAR OUTPUT AND SALES
(m. cars)

	1984	1985	1986	% change in 1986	% change in 1985
Production	3.78	4.17	4.31	+ 3.5	(+ 9.9)
Exports*	2.23	2.57	2.59	+ 0.7	(+15.0)
Domestic registrations	2.39	2.38	2.83	+19.0	(− 0.6)
German models registered	1.75	1.73	1.99	+15.0	(− 1.3)

* Exports include re-exports from plants abroad (2,800 in 1985, 3,700 in 1985, and 66,000 in 1986).
Source: German Automobile Industry Association (VDA)

UK grain traders may lose out

By Quentin Peel

BRITISH grain traders, who have made dramatic inroads into the Spanish market over the past year, stand in the short term to lose even more than their French counterparts from the EEC-US deal to buy outside supplies of maize and sorghum.

In the first 10 months of 1986, *the UK sold 812,000 tonnes of* barley and 634,000 tonnes of low-grade feed wheat to Spain, according to International Wheat Council *statistics*, from virtually nothing in 1985.

French sales of maize during the full year are estimated at between 400,000 and 500,000 tonnes, while the US, on whose exports variable levies were applied from March, had sold 1.14m tonnes in the first 10 months.

In 1985 the US had sold 2.27m tonnes of maize, and Argentina some 968,000 tonnes, before the Community's variable levey system came into force with Spanish membership in 1986.

The British success in the Spanish market was a result of efficient shipping direct from British to Spanish ports,

WARNING BY US AMBASSADOR TO EEC

More disputes looming on trade

BY QUENTIN PEEL IN BRUSSELS

EUROPE and the US are still set on a potential collision course over trade issues, in spite of the tentative settlement of their latest dispute over grain sales, said Mr William Middendorf, the retiring US Ambassador to the EEC.

"Unless we are very clever over the next two years, we are on a collision course," he said as trade negotiators struggled to put the last details of a truce package in place.

He spelt out a range of trade items on which disputes are looming, including Europe's Airbus (on which the US claims unfair subsidies are paid, exports of West German machine tools, US access to Europe's telecommunications market, and Europe's recent ban on the use of hormones in meat.

In addition, the EEC is up in arms over the bilateral trade deal between the US and Japan over semiconductors.

Mr Middendorf urged that politicians and trade negotiators on both sides of the Atlantic should no lose sight of the fact that they have much in common, and huge trade and investment flows that could be jeopardised in disputes over individual items.

"The only message I have is that we are so interrelated, and it is so necessary that we should stay together," he said.

The past two years had been the most sensitive time yet in the recent history of the US-EEC trade relationship, he said, although a whole series of potential conflicts had been resolved at the last minute.

In 1986 alone, there was a dispute over European sales of basic steel products and semi-finished steel; the long-running US case over unfair discrimination against its citrus exports (16 years in negotiation); US retaliation against Italian exports of pasta; and finally the latest dispute over lost US sales of maize and sorghum to Spain, and Portuguese quotas on soyabeans.

Mr Middendorf warned that the whole level of trade tension reflected fundamental economic strains, because both Europe and the US were in structural surplus, with excess capacity over a range of industries, as well as agriculture.

"The agricultural surplus problem is probably the core problem which is going to cause division between us," he said. "It has the pontential to cause serious damage to the enormously important relationship the US and Europe have together."

The farm lobby was probably "the most powerful political lobby" on both sides of the Atlantic, making agricultural reform to reduce the surplus production all the more difficult to achieve. "Nobody politically is going to take on that issue except on the fringes."

He praised Mr Frans Andriessen, the EEC Commissioner for Agriculture, for pressing the case of reforming the Common Agricultural Policy.

Mr Middendorf refused to criticise the negotiation system with the EEC, which is notoriously difficult because of the Community's own slowness and rigidity in changing its negotiating positions. He said that *all the trade negotiations had* been marked by the "complete openness" in exchanges between officials.

He insisted, however, that the US practice of setting deadlines was necessary, although the EEC resents its deeply. "Some of those disputes—like citrus—have been going on for 16 years," he said.

"Negotiations have to be done with deadlines, otherwise you simply don't get a deal."

Zanussi and Indesit announce Chinese orders

By Alan Friedman in Milan

ZANUSSI and Indesit, two of Italy's leading home appliance manufacturers, have won contracts in China to build factories and transfer technology.

Zanussi *said yesterday* that it had a L15bn ($11.8m) contract to provide technology, machinery and technical assistance for *the construction of a refrigera*tor plant at Suzhou in eastern China. The factory, to be completed by the end of 1988, will have *annual capacity of 400,000* refrigerators.

Indesit said it had won a $8.5m contract to help in the construction of two factories for the manufacture of electric motors and hermetic compressors for refrigerators.

The Indesit contract stipulates the training in Italy of 70 Chinese technicians and the supply of equipment and know-how. Financing for the Indesit order is being arranged by Istituto San Paolo di Torino, the Cassa di Risparmio di Torino and the Banco di Napoli.

Israeli and US groups in defence link

BY JUDITH MALTZ IN TEL AVIV

ELBIT, the Israeli manufacturer of military and commercial computers, has launched a joint venture with Loral, a New York-based military technology company, to manufacture and market a range of advanced electronic systems.

Each of the companies agreed this week to put up an annual $10m to finance research and development and marketing costs, in what represents the largest joint venture ever undertaken by Elbit with an international company. The projects are to be administered jointly in Israel and the US.

Elbit says work had begum on two separate projects even before the agreement was finalised.

The Israeli company said it was confident the combination of Loral's expertise in developing electronic warfare systems and its experience in the manufacture of fire control systems would yield important technological breakthroughs in the military sphere.

Late last year, Elbit, a subsidiary of Elron Electronic Industries, was *awarded its first* direct contract by the US Army to supply it with electronic units for M-60 tank fire control systems.

AMERICAN NEWS

David Owen reports from Chicago on the growing problem of people without shelter as low income housing disappears

Homeless find their American dream on the nation's sidewalks

"YOU ALL should have a commitment to the Union all the time because you don't have a damn thing else to do."

Mr Henry Nicholas of the Union of Hospital and Healthcare Employees pulled no punches in his keynote address to the founding convention of the New York City Union of the Homeless on Manhattan's upper West Side. His audience, spirits roused by previous resolutions *condemning apartheid* and urging the transfer of some US military funding to human services, and bellies full after a hot lunch, lapped it up.

As Mr Nicholas left the podium, the convention hall reverberated with the rallying call "Tomorrow is Today," chanted by hundreds of homeless vocies.

Against the current labour union trend, the National Union of the Homeless has expanded rapidly since its foundation in 1984. From its first chapter in Philadelphia the union has branched *out* into eight major US population centres and boasts over 10,000 members.

Its success is largely explained by the fact that the number of homeless people in the US is expanding at an alarming rate. According to a National Coalition for the Homeless survey, the total has increased by 25 per cent in each of the last two years. The *Washington-based organisation* estimates that up to 3m people are wandering the streets of America; the equivalent of a city the size of central Chicago.

New York is the worst black-spot with 60,000 to 80,000 on the streets, according to NCH estimates. The figure for Los Angeles is put at 33,000 to 50,000 and Chicago at around 25,000. But the problem is by no means confined to the major cities. Portland, Oregon, is believed to have as many as 7,000 homeless people on its streets and even Burlington, Vermont (population: 37,712) has up to 120.

Among the most worrying features of the recent sharp increase in the homeless population is that an ever-growing range of individuals appear vulnerable to its spread. "These days, it really is indiscriminate in the people it touches," according to *Ms Maria Foscarinis*, the NCH's Washington counsel. "A significant proportion of the homeless are employed or *suburban dwellers*,' she adds.

A significant (and particularly fast growing) proportion too are young families with children — a *point* rammed home forcefully by Mr Nicholas, who delivered his New York speech against a backdrop of sullen mothers and bouncing babies.

These families have been especially hard hit by the drastic cuts in federal housing programmes which observers blame, along with high unemployment, welfare cuts and the deinstitutionalisation of the mentally ill, for the general swelling of the homeless ranks over the past two years.

"The amount of money going to federally subsidised housing has been cut by 75 per cent under the Reagan Administration," claims Ms Foscarinis. "There is an extreme scarcity of *affordable housing*," *she adds*.

The national picture is epitomised by the situation in Chicago, where previously run-down neighbourhoods have been demolished to make way for luxury residential high-rises. Inevitably, some former inhabitants have been left to wander the streets, as their previously low cost living quarters have been transformed into $700-a-month apartments.

The response of local government to the rapidly escalating homeless problem has varied greatly. Estimated 1986 expenditures on food and shelter range from nothing at all in Houston or Miami to $15m-18m in Los Angeles and $81m in New York. New York's mayor, Mr Edward Koch, is even proposing four new shelters in each of the city's five boroughs, despite fierce opposition from some local residents.

But the NUH itself is pushing for less money to be spent on shelters and more on permanent *low income housing and job* training. Most homeless people prefer the streets to shelters, according to NUH founder, Mr Chris Sprowal, a college graduate who found himself homeless in Philadelphia two years ago after his business failed and his marriage broke up. "In the shelters you can get mugged or killed," he said.

In Chicago, the union *has* taken its protests to luxury apartment blocks on the shores of Lake Michigan, arguing that some of the accommodation should go to low-income individuals since the complexes were part-federally funded. Meanwhile, in Washington DC, protesters last month demanded the right to renovate and live in vacant, boarded-up buildings which, according to local union treasurer Ms Victoria Luna, "dot the city's landscape."

While such efforts on behalf of the homeless are frequently hamstrung by lack of political clout, parts of an NCH-sponsored bill called the Homeless Persons Survival Act were passed in the last congressional session. Among the sections approved were a change giving the homeless the right to buy prepared meals with food stamps and a clause specifically prohibiting agencies from using a claimant's lack of fixed abode as an excuse for disallowing benefits.

But such changes, while welcome, attack the symptoms, not the root cause of the problem. Until the homeless can be organised into a coherent unified voice, as they were briefly by Mr Nicholas' New York address, more and more low income families and individuals will find themselves dreaming the American dream on the nation's sidewalks and park benches.

NY Fed proposes financial reforms

By William Hall in New York

BIG COMMERCIAL companies such as Sears Roebuck and Ford Motor which have been expanding rapidly in the US financial services industry would be forced to dispose of their banking operations under reforms suggested by the Federal Reserve Bank of New York.

The reforms, unveiled yesterday by Mr Gerald Corrigan, president of the New York Fed, seek to preserve the separation of "banking" from commerce while eliminating most of the legal barriers which prevent some classes of financial institutions from engaging in certain financial activities.

Common corporate ownership of banks, thrifts, insurance companies and securities companies would be permitted — subject to appropriate regulatory restraints — as would combinations of commercial companies and non-bank financial companies.

However, a commercial company could not own and control an insured depository. On the other hand, securities, insurance and other financial concerns could own and control insured depositories, thereby becoming bank or thrift holding companies.

Artificial distinctions between classes of financial institutions offering functionally similar financial services must be narrowed, says the New York Fed. It suggests including eliminating the prohibition against paying interest on transaction deposits, the payment of interest on required reserves, broadening the class of institution which has access to the payments mechanism and the discount window, and increasing the number of integrated financial institutions that are subject to a degree of consolidated official supervision

The structure would have much in common with the post-Big Bang environment in London.

Canada to allow limited tax-free banking services

BY BERNARD SIMON IN TORONTO

THE Canadian Government has outlined plans to attract international banking business to Montreal and Vancouver from the Channel Islands and other offshore tax havens.

In the face of strong resistance from civic and business leaders in Toronto, Mr Michael Wilson, the Finance Minister, said that banks based in Montreal and Vancouver will be allowed to offer a limited range of tax-free services to Canadian non-residents.

The services will include loans and deposits, but not letters of credit, Foreign Exchange transactions or loan guarantees. According to Mr Wilson, only those banking activities which meet the dual test of attracting business currently done offshore while not displacing business which now exists in Canada, are being considered."

Mr Geoffrey Farrar, president ofBarclays Bank Canada, said yesterday that the concessions are unlikely to have a dramatic effect on other tax havens. But he added that there will be benefits and we will maximise those. Like several other foreign-owned banks in Canada, Barclays already has offices in Montreal and Vancouver.

● Ottawa has named Mr Michael Mackenzie, a senior partner in the auditing *firm* Clarkson Gordon, as inspector-general of banks to succeed Mr William Kennett who retired last year during *the* protracted small banks crisis.

Mexico student strike closes university

MEXICO'S strongest student *protests* in two decades shut down the National Autonomous University (Unam) yesterday in a strike that authorities fear *could stir* unrest beyond the school's boundaries, writes William Ovine in Mexico City.

Mr Mario Ruiz Massieu, university *administrator*, said student action could cause "irreversible damage to their school and to their country."

Leaders of the government-affiliated labour congress warned that the strike could lead to wider social conflicts

The strike is the culmination of weeks of student opposition to more stringent admission and examination standards. *The students* have *condemned* the reforms as "elitist."

Reagan urges growth from trading partners

BY STEWART FLEMING, US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday insisted that is was essential that America's trading partners enacted policies that would promote internally generated economic growth.

In a statement accompanying the release of the annual report of the President's Council of Economic Advisers Mr Reagan said that "more needs to be done to end our trade deficit... We must sustain world economic growth, increase productivity and restrain Government spending."

He warned Congress that "a vote for more Government spending is a vote against correcting our trade deficit."

The President also restated his determination to maintain the pressure on Congress to reduce the federal budget deficit by cutting Government spending. "We must *continue to re*duce the federal budget deficit through spending restraint."

The annual report of the council struck an optimistic tone and presented an analysis of the US and world economies which led to a restatement of known Administration positions on the major issues.

On the imediate economic outlook the report said that the Administration's forecast of real economic growth of 3.2 per cent this year assumed that an improvement in the foreign trade balance (a rise in real net exports) was expected to add 0.7 per cent *to the US* growth rate, after reducing growth by a similar amount last year.

Consumption was expected to slow from last year's 4.0 per cent expansion but to make "a substantial" (but unquantified) contribution.

Real investment was *also* expected to strengthen

Although the Federal Government is expected to reduce its purchases of *goods and services* modestly, the Council said that State and local Government spending should rise again.

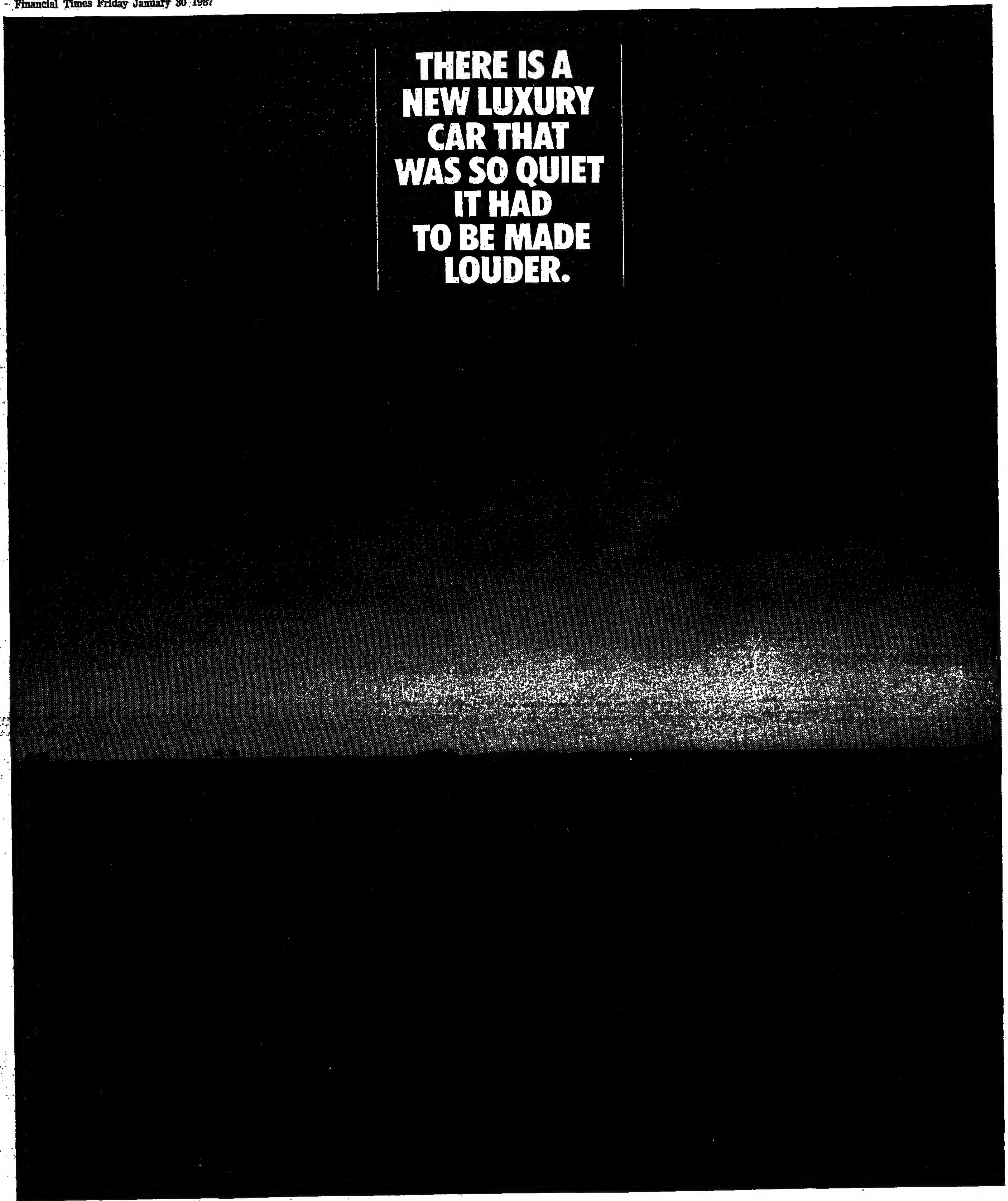
Commenting on *policy issues* the council, which is chaired by Dr Beryl Sprinkel, a monetarist economist, said that the Federal Reserve Board *did* 'a reasonably good job" in managing monetary policy last year and that there was no *evidence* to suggest that *it* had "erred on the side of monetary restriction."

New orders for American-made consumer durable goods rose by 6.9 per cent in December, according to the US-Commerce Department, giving the most positive sign yet that the improvement in manufacturing activity in recent months may be part of a long-term trend.

It was the largest increase for manufactured consumer goods in almost four years.

Government statistics showing a drop in the unemployment rate to 6.7 per cent released earlier this month gave an indication of a *strengthening in the* manufacturing sector.

New orders for non-defence capital goods, another *important category* rose by 5.5 per cent in December.



When it was first tested at low speeds, some drivers weren't even sure that the engine was running.

So it had to be made a little more audible. But only a little. At 70 mph it produces a mere 67 dBA.

Austin Rover job cuts hit 1,000 staff

BY JOHN GRIFFITHS

AUSTIN ROVER is to cut its white collar workforce by about 1,000 or 10 per cent.

While the company is expected to appeal for voluntary redundancies and early retirements, it is understood to be anxious to achieve the cuts quickly. Its unions are prepared for some compulsory redundancies.

The company's intentions will be set out in a letter to employees today. Union leaders were briefed on the plan yesterday.

The redundancies, which Austin Rover would not formally confirm last night, are being made against the background of a much-publicised and steep decline in the company's UK sales last year.

However, the cuts are expected to be presented to both employees and Government – which is at present considering the parent Rover Group's latest corporate plan – as part of an overall costs-cutting programme.

Partly offsetting the UK sales decline is a resurgence in exports. But this is not expected to have prevented Austin Rover falling significantly further into losses for the year just ended.

It incurred a trading loss of more than £80m in the first half with the loss for the full year expected to be more than double this amount.

Production fell last year from 479,000 in 1985 to arround 450,000, compared with capacity of 750,000 units a year. The Austin Rover cuts some at a time when both Ford and Vauxhall are announcing expansion plans in the UK.

Ford has said it expects to increase its UK production by 20 per cent and add 1,000 jobs before the end of the decade. Vauxhall has announced plans to increase UK car output by around 30 per cent.

The Austin Rover cuts are expected to be spread across the administration and management of all Austin Rover plants.

They do not affect the hourly-paid workforce, which had fallen to 27,000 by the end of last year.

Hopes rise of talks to end telephone strike

BY CHARLES LEADBEATER, LABOUR STAFF

THE prospects that talks aimed at ending the strike by 140,000 workers at British Telecom might start soon improved significantly yesterday.

Leaders of the National Communications Union (NCU) held informal discussions with BT in the afternoon, after the company said it would allow the 30,000 strong NCU clerical group to return to work today without giving individual assurances that they will work normally.

The company's insistence that engineers taking part in an overtime ban should give such assurances set off the indefinite strike by 110,000 engineers which started on Monday.

The NCU clerical group executive recommended its members return to work, and maintain the overtime ban and work to rule they started more than two weeks ago. It is understood BT will count this as working normally.

The two sides took the first steps to reopening formal pay talks yesterday when the clerical executive rejected a formal restatement of an informal offer the company made last week. It is expected that formal pay talks will start after the clerical workers have returned to work.

Some in the NCU believe that talks on the clerical workers pay offer could pave the way for talks aimed at ending the indefinite strike by 110,000 engineers.

The executive of the engineering section of the union, will today consider on what terms it could recommend a return to work, prior to holding more talks with BT.

NCU leaders said many in the union want to make progress before the weekend on agreeing an orderly return to work.

Raymond Snoddy reports on the departure of the corporation's director-general

BBC high-flier who landed in wrong job

MANY years ago, when the legendary figure from the history of British broadcasting Grace Wyndham Goldie was asked whether Donald Baverstock, controller of BBC 1, would become director-general of the BBC, she said: "No. Alasdair Milne."

Mr Milne, who resigned unexpectedly yesterday nearly two years before his normal term was up, was then only 31 and in the relatively lowly position of director of production on the old Tonight current affairs programme.

Almost from the beginning he was marked out for the most influential job in British broadcasting.

It all ended sadly yesterday.

The BBC put out the sort of terse, carefully-drafted, statement it reserves for occasions when the resignations of senior executives are sought.

At the end of a working life, spent apart from one brief break, entirely within the corporation, there was only one sentence to sum up his contribution.

"The board of governors has expressed to him its gratitude for his many years of service with the corporation." Then it was on to arrangements for the selection of a successor.

Mr Milne, who joined the BBC immediately after service in the Gordon Highlanders regiment and New College, Oxford, had a distinguished career at the BBC and made major contributions to BBC journalism and drama. His was the conception for the production of all the plays of Shakespeare, a series that is still being seen in many countries around the world.

Mr Milne, the son of a Scottish doctor, was probably happiest as controller of BBC Scotland. He played the traditional Scottish bagpipes well and even learned to speak Gaelic.

It was when he became director general in 1982 that things began to go wrong. Since then he has been embroiled in a series of disputes with the Government which ran from BBC coverage of the Falklands war, to the Real Lives documentary on Northern Ireland and the libel action by two Conservative MPs which left the Corporation with a £500,000 bill for damages.

Then, for good measure, there was the attack by Mr Norman Tebbit, the chairman of the Conservative Party, on the BBC's coverage of the US attack on Libya and this month's controversy – the row over the programme on the spy satellite that parliament was never told about.

His tenure coincided with a difficult political environment for a public service organisation such as the BBC and not all the press attacks were fair-minded, but in the end there were probably too many banana skins.

Mr Milne himself believed that he came close to being fired by the governors during the Real Lives affair, when he was lucky to be on a fishing trip in Scandinavia and out of contact.

Even friends and supporters say privately he was the wrong man in the wrong job at the wrong time.

At a time when the BBC desperately needed political friends, Mr Milne could scarcely conceal his contempt for politicians and did not get on at all with the Prime Minister.

He had few skills as a commercial administrator – before joining the BBC he was once rejected by Tootal, the textile company, for his lack of commercial instincts – a skill that will be vital for the BBC in the next few years.

The recent decision to index the BBC licence fee to the retail price index will impose an increasing squeeze on the corporation's finance.

But most of all Mr Milne, a man who is warm in private, has no skills at communicating to larger audiences or to provide inspired leadership to an organisation of more than 25,000 people facing a period change.

Friends say Mr Milne became increasingly arrogant the more the BBC was attacked – an arrogance which some believe stemmed from his student days: the brillant student who was supposed to get a first class degree and did not – and then tended to over-compensate as a result.

Mr Alasdair Milne: increasingly arrogant under attack

Now he will probably also become the first director-general of the BBC not to get a knighthood.

Ironically Mr Michael Checkland, the accountant who became deputy director-general and whose appointment Mr Milne tried unsuccessfully to block, takes over as acting director-general pending and appointment.

Print unions facing new court crisis

BY HELEN HAGUE, LABOUR STAFF

THE PRINT unions Sogat '82 and the National Graphical Association face a fresh crisis, following News International's move yesterday to begin contempt of court proceedings which could lead to heavy finds and the seizure of their assets.

The company – which dismissed 5,500 printworkers last January when it transferred production of its four titles to Wapping, east London – is to allege that the unions have breached High Court injunctions banning unlawful mass picketing outside the printing plant.

Mr Rupert Murdoch's *Docklands* factory is producing The Times, Sunday Times, Sun and News of the World.

The proposed court proceedings arise from injunctions granted in the High Court in July, by Mr Justice Stuart-Smith.

He banned the two unions from attempting to blockade the Wapping plant. However, he allowed them to continue to organise demonstrations and marches which congregated in the square opposite plant's exit.

He ordered that the marches must be 'disciplined, peaceful' and subject to the direction of the police, and that there should be no intimidation of News International employees. The number of demonstartors directly outside the plant were limited to six in the judges' order.

Sogat '82 has already had its assets sequestrated once in the dispute, for defing an earlier court order not to 'black' the company's titles. It purged its contempt, and apologised to the court in May. However, the legal costs and fines incurred have plunged the union into financial crisis.

The new legal offensive comes amid pressure to call off mass demonstrations outside the plant in the wake of violent clashes which marked an anniversary march organised by the print unions.

Mr Norman Willis, the Trades Union Congress (TUC) general secretary, in considering whether the TUC should propose an end to demonstrations.

Burton shareholders support Halpern's share option plan

BY NIKKI TAIT

SIR RALPH Halpern, chairman and chief executive of Burton Group, yesterday steered his controversial executive share option scheme past the 2,000-odd shareholders who turned out at London's Grosvenor House Hotel.

Those who braved the posse of banned photographers and TV cameras outside the meeting heard Sir Ralph declare that he wanted "to dispel the idea that this is a handout. If the targets are achieved shareholders will be pleased – they will be making more money."

By the time, shareholders had digested their free lunch, taken a bus tour to the newly-converted Debenhams store in Oxford Street and tucked into a complimentary tea, Sir Ralph knew he had won – by 97m to 53m votes. Burton avoided a show of hands; the poll, together with proxies, drew a 60 per cent turnout.

For two hours, Sir Ralph barely faltered. Flanked by his 12-man board he calmly fielded questions ranging from shareholder discounts and the absence of female board members to rumoured misdemeanours in the Debenhams bid.

Only once did he look totally flummoxed – when Mr Lionel Bass declared him to be "England's second greatest man this century – after Winston Churchill." He added that Sir Ralph's social life "was his business and if I was up to his standard I would do exactly the same."

The only other reference to recent "kiss-and-tell" revelations about Sir Ralph's private life came in the chairman's opening remarks when he thanked the Burton board, his wife and daughter for their support and devotion – and was met by applause.

A similar response greeted assurances from both Sir Ralph and Mr Michael Wood, the finance director, when Mr John Williams asked if the Debenhams takeover had been "straight in spirit as well as in law." "I can confirm exactly what you said," replied Sir Ralph.

There was further cheer for shareholders as current year sales figures were revealed – up 22 per cent at the Burton stores and 15 per cent ahead at Debenhams. By the time the meeting moved on to the option scheme itself – under which 80 senior executives could be granted performance-related options worth eight times their annual pay – directors looked almost relaxed.

US trade relations 'harmed'

BY TOM LYNCH

THE Labour Party last night blamed the Conservative Government for the damage to EEC–US relations caused by "the abuse and counter-abuse" exchanged in recent months over the trade dispute.

Mr George Robertson, from the Labour front bench, told MPs that yesterday's news that "a last-minute face-saving device might be found to head off a trade war" does not diminish the damage to US-EEC relations.

"Most of the acrimony could have been avoided if the spirit of compromise on display this week had been encouraged by Britain when we had the reins of power, Instead, it was left to the Belgians to pick up the pieces," he said during a debate on last year's British presidency of the EEC. Belgium is this year's EEC president.

Mrs Lynda Chalker, Foreign Office minister, protested: "We have been consistently working to make sure we did every mortal thing to avoid a trade war over the effects of the enlargement of the Community."

She said Mr Robertson and his colleagues should rejoice over "the great success" which averted the danger of protectionist action by the US against British exports.

Mr Robertson asked her if compensation would have to be paid to the US as a result of any deal. "At what cost has this solution been found that we should so rejoice about?"

Mr Teddy Taylor (Conservative) said he believed compensation would total about £400m and wondered where that would come from "as the EEC doesn't have any money."

Mrs Chalker commended the "skill and tenacity" with which the EEC had conducted the negotiations. These had been made particularly difficult by the growing US global trade deficit. The Community would have to be particularly firm in the face of protectionist moves by the US Congress.

She said the British presidency had achieved a record number of reforms within the EEC, but Mr Robertson claimed that the Government had made a "botched job" of moves to complete the internal market.

Thatcher sees return to full employment

BRITAIN WILL return eventually to full employment, Mrs Margaret Thatcher, the Prime Minister, said yesterday in an assessment of the prospects for a further decline in unemployment, Charles Leadbeater writes.

Speaking at "Action for Jobs" presentation in London, designed to heighten companies' awareness of the range of programmes run by the Manpower Services Commission, (MSC) which administers the Government's jobs programme Mrs Thatcher said: "I believe we will see full employment again."

Mrs Thatcher said the she was delighted by recent falls in unemployment, which she said reflected the help the Government is giving the unemployed.

While investment in new technology always raised fears that jobs might be lost, in the end it would create new opportunities for work, she said. Lord Young, the Employment Secretary, unveiled five television commercials which will publicise the MSC's special employment measures for the unemployed.

□ REAL INTEREST rates in Britain are twice as high as those in West Germany because they provide the Government with the only means of warding off a sterling crisis, Mr Bryan Gould, a leading Labour spokesman on Treasury affairs, claimed in the House of Commons.

He said this evidence of the "fragility" of the economy confirmed that Mr Nigel Lawson, the Chancellor of the Exchequer, was standing on a "dangerous high wire."

Mr John MacGregor, Chief Secretary to the Treasury, contested the basis on which Mr Gould had compared real interest rates in Britain with those in Western Germany and described the conclusion he had reached as "absolutely wrong." He said that Labour policies would require a much higher Public Sector Borrowing Requirement which would force up interest rates.

□ A US company is to be allowed to develop a hotel close to the Houses of Parliament. Raleigh Enterprises, the Los Angeles-based hotel developer, is investing £50m to convert the offices once used by the Crown Agents. Construction is expected to start in May and the hotel, with more than 200 suites, will open in 1989.

□ EXCEPTIONS are to be made to allow certain small banks to retain the title bank in their names. These will be included in the new Banking Bill before parliament, according to Mr Ian Stewart, the Economic Secretary to the Treasury.

All banks with more than £5m in capital will have right to this title. But institutions which at present call themselves banks but do not meet the £5m test will continue to be able to call themselves banks under a new provision.

□ BROWN & ROOT, the offshore engineering and construction company is to switch its base from the Netherlands to Jarrow, north-east England. The company, formerly based in Rotterdam, first moved to Tyneside late last year after buying the old mercantile dry dock.

Protectionism 'threatens co-operation'

BY DAVID BUCHAN

THE US CONGRESS is now far more willing to buy arms from its European allies rather than duplicate such arms with US investment, but this could founder under protectionist pressures unless this year sees solid progress in putting more transatlantic defence projects together.

This warning was sounded by Mr John Maresca, the US Defence Department Assistant Secretary for Nato policy, at the start of an FT defence conference entitled "Entering the American Market".

Last year, Mr Maresca noted, Congress had voted $100m for cooperative research and development projects with allied countries, and for this year has increased the sum to $190m (£123m). A sum of $25m for side-by-side competitive testing of US and allied weapons systems had been increased to $39m over the same period.

But unless the US and Europe made rapid progress on such potential joint programmes as a stand-off missile and precision-guided munitions, an advanced sea mine and an advanced short take-off and vertical landing aircraft, "we run the risk of losing congressional support for arms co-operation and a reversion to protective legislation," Mr Maresca said.

The US official put in a plea that Nato and European arms collaboration should not exclude the needs of southern European Alliance members – Greece, Turkey and Portugal. Congress was reducing the level of traditional US security assistance to these countries, which Mr Maresca said would much rather develop their national arms industries than receive direct aid.

Dr Allan Mense, acting chief scientist in the US Strategic Defence Initiative Organisation (SDIO), stressed the utility of SDI to both arms control and to European defence interests. SDI, he said, was not a technological fix or substitute for arms control, but a technological catalyst to it – like a chemical added to make a reaction happen in a reasonable period of time.

He argued that SDI techniques could help Nato defend itself against the Soviet superiority in shorter-range tactical missiles. Such missile defence, now under discussion in Nato, was consistent with the Alliance flexible response strategy – "not to destroy the enemy but to force him to pause before directly attacking."

Recent experiments have made Dr Mense more confident about the possibility of destroying Soviet missiles in their initial boost phase and in mid-course and about the efficacy of a multi-layered defensive system.

Dr Gary Mather, a senior vice-president of Booz Allen, echoed the new willingness in Washington for transatlantic defence collaboration. He therefore considered it essential for foreign companies to know what was going on in the US in defence electronics, the one still buoyant part of the US defence budget.

Increasingly as electronics had come to dictate the design of new weapons systems, so electronics systems integrators (ESI) had come to the fore in defence contracting.

Traditional prime contractors were scrambling to reposition themselves in the market, often by buying up companies capable of ESI work. He instanced the acquisition of Sanders by Lockheed, RCA by General Electric, Goodyear's aerospace unit by Loral, and Hughes and EDS by General Motors.

Trends in the US defence budget could make the ESI type of company dominant in the future. Electronics accounted for 35 per cent of defence procurement this year and 49 per cent of R&D and in the next decade these shares could rise to 40 and 54 per cent, respectively, Dr Mather forecast.

Lord Trefgarne, the UK Minister for Defence Procurement, said Western budgetary constraints were such that international arms collaboration could no longer be allowed to occur haphazardly. It had to be planned from the start by military staffs agreeing on operational concepts and in-service dates.

But the minister stressed collaboration must be made more efficient, particulary if five or more countries were involved in a joint project. Reciprocal purchasing between governments as urged recently by France held promise, but each reciprocal purchase would have to be self-contained lest a "monster accounting machine" be created.

Lord Trefgarne emphasised the work of the 14-member country Independent European Programme Group in fostering European arms collaboration, but said revitalisation of the IEPG would need "patient and sympathetic understanding" from the US.

Mr Colin Chandler, head of the UK Defence Ministry's export services organisation, noted that the US defence budget outstripped that of the UK by a factor of 20. He said that while the US defence market was very tough, it nonetheless accounted for around one-fifth of total UK defence sales.

Mr Chandler stressed the essential lessons for British companies in the US market were to put enough resources into marketing, to complete often extensive tender documents properly, to meet the US Defence Department's requirement, but not to exceed it, and to match the pricing of the domestic US competition.

Teaming up with a US company was a valuable way of overcoming US protectionist sentiment. Mr Chandler mentioned as a shinging example of such teaming the co-operation between British Aerospace and McDonnell Douglas on the Harrier and Hawk.

Mr Edward Luttwak, a Washington defence consultant, of gave warning the switch in emphasis in US defence procurement from buying new weapons system to maintaining existing ones. He noted that no follow on to the F-16 and A-10 aircraft was planned, only the advanced Tactical Aircraft as a replacement to the F115.

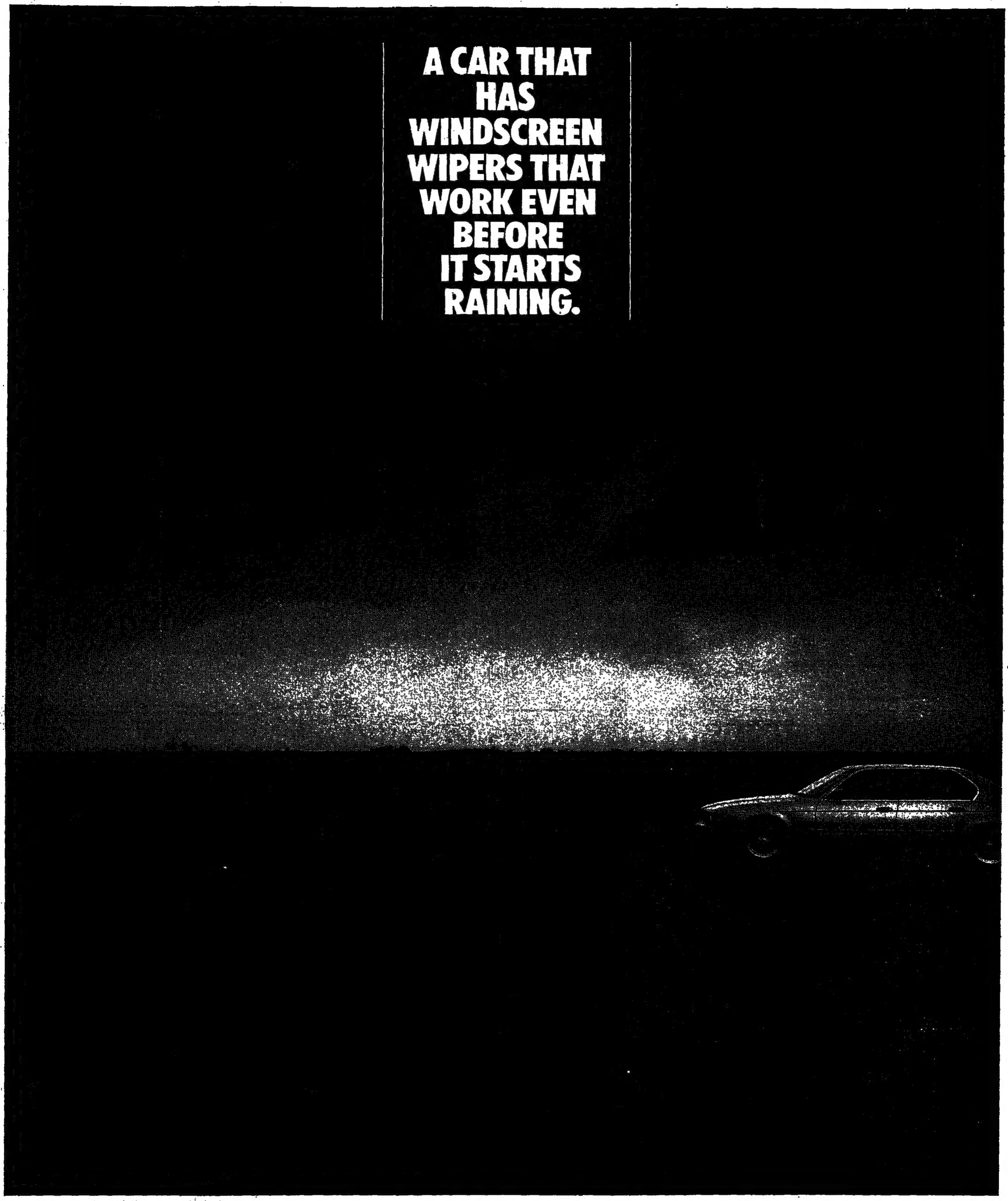
As a result there were far more contractors than contracts. Companies were competing hard for the perceived prize of being prime contractors, while sub system contracts which could be more profitable were being relatively ignored.

None the less, even in the increasingly stringent procurement climate, there were gaps for European companies. One such was created by the desire of the various US services to be different.

The Marines wanted a different aircraft, so they bought the British Harrier; the US Coastguard had bought a French helicopter partly from the same motives.

Addressing the subject of US export controls, Mr William Dwyer, a California-based lawyer, warned that undue control could in fact erode the US defence industrial base by limiting the demand for US technology that was required to drive it forward. He cited a recent National Academy of Sciences report that current export rules cost the US economy $9bn and 188,000 jobs a year.

He stressed that the main problems with US export licensing was not licence refusals, but delay in licence approvals.


A CAR THAT
HAS
WINDSCREEN
WIPERS THAT
WORK EVEN
BEFORE
IT STARTS
RAINING.

Standard Life states policy on Aids risks

BY ERIC SHORT

STANDARD Life Assurance Company, Scotland's largest life and pensions group, is taking a specific policy towards certain persons applying for life assurance where it is considered that they are potential Aids (Acquired Immunity Deficiency Syndrome) risks.

It is the first UK company to state its underwriting policy concerning Aids.

In particular, where applications are made by two men buying a house together, Standard Life will ask both men to complete a full proposal form and reserve the right to send the applicants for a medical examination, including a blood test.

Normally, life companies in house purchase cases require the applicants to fill in a simple proposal form with just one or two medical questions and no medical examination requirement.

Life companies operating in the UK have been taking steps to protect themselves from taking potential Aids risks for life assurance. The Association of British Insurers last year recommended that life companies should include a specific question in their proposal forms on Aids, or Aids-related conditions and on blood tests.

Most life companies now do this, but some have gone much further. In particular, they have been concentrating on one particular risk group – male homosexuals – such as asking all single males to undergo blood tests.

However, Standard Life is the first company to state its underwriting policy towards Aids.

It defends its action by pointing out that any life company must take into account the impact of Aids on its mortality experience and the cost to other policyholders if the risk is not underwritten. Standard Life, being a mutual company, is owned by its with-profit policyholders.

The company looked at other options, such as excluding death from Aids or asking a specific Aids-related question.

Exclusions are virtually unknown in life assurance, in contrast to general insurance. The company felt that it would be difficult to frame an Aids-related question, which would have been highly personal, and that would have been understood, not given offence and been answered honestly.

Digital plant delayed

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

DIGITAL EQUIPMENT, the US computer manufacturer, said yesterday that it was one year behind schedule with the project to build a silicon chip plant at South Queensferry, near Edinburgh.

Construction of the £85m plant is to begin this summer and the plant will begin operating in 1989, one year later than originally scheduled.

The company said yesterday that the reason for the delay was the need to make changes in the design of the plant to allow more flexibility in the manufacturing process. As a result it was not possible to start earthmoving on the site before the winter made such operations impossible.

"There has been genuine slippage for a good reason," a Digital spokesman said. "There was never any question of the plant not going ahead."

PROTESTANT ULSTER DEFENCE ASSOCIATION SEEKS ROLE FOR CATHOLICS

Paramilitary call for power-sharing

BY OUR BELFAST CORRESPONDENT

THE Ulster Defence Association (UDA), Northern Ireland's biggest Protestant paramilitary group, yesterday put forward proposals for a formal power-sharing government which would give the Roman Catholic minority "a full, productive role in society".

The discussion document, which was written by the UDA's political wing, the Ulster Political Research Group, was welcomed by Mr John Hume, leader of the Social Democratic and Labour Party, the main constitutional Nationalist party. He said it was the basis for discussion, although the UDA had no political mandate.

The UDA played a large part in the Ulster workers' strike of 1974 which brought down the province's experimental power-sharing administration. Since then, the organisation has become more overtly political.

It has previously proposed an independent Northern Ireland and retains negotiated independence as a long-term end, while arguing that there is a grassroots desire in both communities for a peaceful solution to the political stalemate.

The document said Northern Ireland need a coalition of all its talents, consensus politics and a bill of rights. A new political structure ensuring consensus would dispel the fear of exclusion felt by Roman Catholics, it said.

The UDA proposed the inter-party talks to see if agreement could be reached. If so, the Secretary of State for Northern Ireland would call an election to a constitutional conference which would prepare a draft constitution to put to a referendum, requiring a two-thirds majority for approval.

The document envisaged a new assembly elected by proportional representation, with committees and their chairmen elected in proportion to party strengths in the assembly. An executive committee would be elected to govern the province.

Mr Hume said that although the document came from "an unlikely source," it was not intransigent.

He said: "We need political dialogue and this is a serious attempt at it. We would take part in a roundtable conference with this document as a basis for discussion."

Military technology unit joins drive against computer fraud

BY ALAN CANE

A LEADING military technology establishment is collaborating with the Department of Trade and Industry (DTI) to help commercial companies protect themselves against computer fraud.

Mr Brian Willott, head of information technology division at the DTI, said yesterday that the department was collaborating with the Royal Signals Radar Establishment (RSRE) to set up a commercial computer security cell. It would seek to develop standards and codes of practice.

Mr Willott was speaking at a conference held in London by the Confederation of British Industry, the employers' organisation. It heard that senior management had to come to terms with computer fraud because it alone had a comprehensive view of the damage fraud could do to a company and could take effective action to prevent it.

The main message was that it was essential to establish a policy for computer security within a company, give responsibility for implementing the strategy to a senior manager or managers, educate and guide staff in secure practices and ensure the security policy was enforced rigorously.

The speakers, which included Detective Chief Inspector John Austen of the Metropolitan and City (London) Police Computer Crime Unit, were reluctant to put a figure on the level of computer crime. They all agreed, however, that it was a serious issue.

Mr Willott, for example, said his department had also set up a computer security advisory group to increase awareness of the risks companies faced and the counter measures they could adopt. A threat analysis study had been carried out in a small number of companies to identify the main issues and priorities for action.

About two-thirds of all financial losses involving computer systems were still the result of errors and omissions rather than malpractice, Mr Michael Gadsden, chief inspector (computer audit) for Lloyds Bank, told the conference.

Only 20 per cent was the result of the actions of dishonest or disgruntled staff while 10 per cent was caused through fire or water damage. Losses from other causes, including outsiders dishonestly getting into computer systems, was only 5 per cent.

Mr Steven Serpell, head of Public Data Network Security Services for British Telecom, said the risk from computer fraud included loss of funds, loss of face and credibility, together with the risk of blackmail, and the possibility of being liable at law for personal data stolen or misused.

He gave a warning that senior managers should realise the risk in easily-guessed passwords. "In one investigation into one company, four out of 10 passwords were directly guessable", he said.

Det. Insp Austen said that computer expertise was not a prerequisite for computer crime. In one case, a school auxiliary staff member invented a whole new London school complete with caretaker and school bus and used its grant to visit a relative in Australia.

Carphones' use 'infringing driving code'

By David Thomas

MANY MOTORISTS were using carphones in ways which went against advice about to be published in the revised Highway Code, according to a new survey by Mori, the opinion research organisation.

Some carphone companies believe that the unsafe image of carphones is one of the few threats facing the fast growing sector.

The new Highway Code, to be published soon, advises motorists: "Do not use a hand-held microphone or telephone handset while your vehicle is moving, except in an emergency."

British Telecom Mobile Communications yesterday published advice amplifying the code. This advice urged motorists to use equipment which allowed them to make calls without using their hands, and to stop the car or divert calls if necessary.

The Mori poll, found no evidence that carphones have caused accidents, but it also showed that 49 per cent of motorists never stopped to make a call and three-quarters never stopped to receive one.

Recovery forecast for Iveco Ford heavy truck output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PRODUCTION at Iveco Ford Truck's plant at Langley, west of London – Britain's major heavy vehicle factory – is expected to recover this year after a drop of nearly 11 per cent, from 13,433 in 1985 to 11,994 trucks last year.

The company, formed last July from the merger of Ford's heavy truck business and the British operations of the Fiat-owned Iveco group, expects to boost UK sales to well over 11,000 trucks from 10,477 in 1986 and retain its market leadership, Mr Alan Fox, the commercial operations director, said yesterday.

He said exports of built-up trucks this year would continue at the 1986 level when 3,447 units were shipped abroad (up 6 per cent from the 3,253 in 1985).

The Langley plant also exported 11,976 truck kits to Australia, Brazil and Turkey last year, compared with 11,108 in 1985.

Mr Fox said that, apart from the uncertainties generated by the merger, Langley's output last year had been reduced by the new company's determination to reduce truck stocks at the factory and throughout the dealer network.

Mr David Gill, Iveco Ford's marketing director, said the company was still spending "substantial" sums on the Cargo truck range, which is produced at Langley, and developing new versions. He also promised "no let up of the sales effort for the Cargo outside the UK."

He suggested that total UK heavy truck sales (over 3.5 tonnes gross weight) this year will be almost unchanged from the 54,000 in 1986.

Mr Gill said Iveco Ford believed that all heavy truck manufacturers were suffering losses on new vehicle sales in the UK. Although there had been significant price increases in 1986, another rise in list prices of at least 10 per cent could be expected this year.

The truck price war had not eased but manufacturers were able to discount from a higher level when they put up prices, he added.

The lack of profitability in the UK truck market had already reduced the number of commercial vehicle-dealers from 1,138 in 1981 to 783 last year. The decision by General Motors to close Bedford and the Iveco-Ford merger would result in further contraction to 577 dealers by the end of this year, Mr Gill predicted.

Hertz places £66m deal

BY JOHN GRIFFITHS

HERTZ UK, the vehicle rental and leasing group, yesterday announced that it was ordering 11,000 Ford cars, worth £66m at retail prices, for delivery during this year.

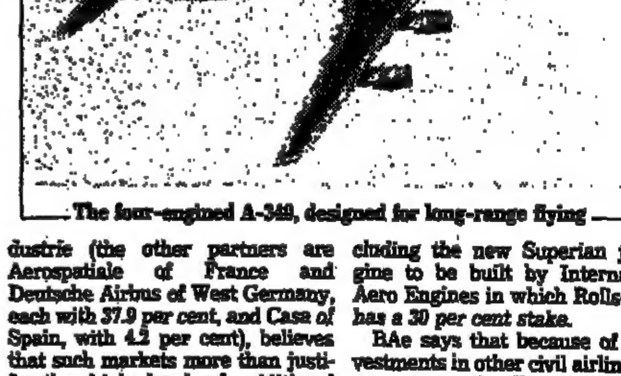
Despite being one of the largest single orders likely to be placed with UK motor manufacturers this year, it does not mean that Hertz is reducing to any significant degree the business it places with Austin Rover.

A Hertz spokesman said the Ford order represented about 85 per cent of the company's expected 1987 orders. "Austin Rover will have much the largest share of the remainder, just as in previous years", said the spokesman.

The balance would be made up of specialist vehicles such as Mercedes. Hertz was not a bulk buyer of Vauxhall cars.

British Aerospace seeks aid to help launch new Airbuses

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



The four-engined A-340, designed for long-range flying

WITH A government decision on up to £750m of launching aid sought by the end of March for UK participation in the next generation of Airbus airliners, British Aerospace – the privatised aircraft, missiles and space manufacturing group – is stepping up its campaign to win support for its plans to join these ventures.

Starting early next month, BAe will be briefing MPs from all parties on its plans to build the complete wings for the new Airbus A-330 short-to-medium range airliner and the A-340 long-range aircraft, which together form the Airbus proposal for new airliners for the 1990s.

They will complete the Airbus family of airliners, enabling the European group to compete more strongly with Boeing and McDonnell Douglas of the US.

BAe's campaign will take place against the background of mounting US criticisms of what the US regards as unfair subsidising of Airbus by participating governments.

BAe takes a relaxed attitude to such criticisms, arguing that the only cash support it has ever had for its share in the Airbus venture has been the £250m of launching aid to help it develop the wings for the Airbus A-320 150-seater.

Because of the success of the A-320 in world markets, with firm orders and options for 437 aircraft won even before the aircraft's maiden flight this spring, that money is expected to be repaid in full, with interest.

BAe argues that on a similar basis, the UK Government can afford to consider the cash now sought for the A-330 and A-340 aircraft as a reasonable-risk investment by commercial airliner manufacturing standards.

Both proposed new Airbus aircraft will be able to seat between 260 and 350 passengers, depending on how airlines decide to equip them. They will have many common parts, including fuselages, wings and avionics systems, although the engines will be different.

The A-330 will be a twin-engined airliner, capable of flying distances of over 5,000 nautical miles, while the A-340 will be a four-engined aircraft designed fly distances of nearly 8,000 nautical miles non-stop.

The A-330 will be competing in a world market estimated to amount to as many as 6,000 aircraft by the end of this century, and worth in all more than $200bn, against such aircraft as the Boeing 767 twin-engined jet and the new McDonnell Douglas MD-11 tri-jet (at the lower end of its range performance), and even versions of the earlier Airbus A-310.

The A-340 will be competing in a smaller market, against such aircraft as the MD-11 (in its very long-range role), and the long-range Boeing 747 jumbo jet, but still involving well over 1,300 aircraft, worth about $120bn.

British Aerospace, which has a 20 per cent shareholding in Airbus Industrie (the other partners are Aerospatiale of France and Deutsche Airbus of West Germany, each with 37.9 per cent, and Casa of Spain, with 4.2 per cent), believes that such markets more than justify the high level of additional launching aid now sought.

BAe points out that the £750m aid sought will cover only the initial research and development costs of the advanced technology wings for the A-330/A-340, and that it will have to find several hundred million pounds more from its own resources, to cover the cost of initial production.

It also claims that to withdraw from the Airbus ventures now would severely damage the UK's credibility in the EEC, and effectively prevent its participation in future collaborative programmes, even those outside aerospace.

But it would also not prevent the new Airbus ventures going ahead, for there are enough companies in other countries – the US and Japan in particular – who would be willing to pick up the wings contracts for the A-330/A-340 if the UK turned them down.

BAe says if it is allowed to join the new Airbus programmes, there will be direct employment for up to 25,000 workers in the UK aerospace and related industries through to the mid to late 1990s.

If not, declining production and sales of the existing range of Airbuses through the 1990s would result in a decline in UK aerospace employment. The technology lost would never be regained.

Against these arguments the Government has to weigh the fact that there are likely to be other substantial calls on its purse. Moreover, the aerospace industry is already well looked after, especially through substantial funding on defence votes for military aircraft, missiles and space programmes.

The industry is likely to make further calls for launching aid for other civil aviation programmes, including the new Superfan jet engine to be built by International Aero Engines in which Rolls-Royce has a 30 per cent stake.

BAe says that because of its investments in other civil airliner programmes – the Type 146 four-engined regional jet, the Advanced Turbo-prop, the Jetstream 31 and the Type 125 business jet – it is not able to finance its share of the new Airbus ventures entirely by itself.

Although its financial credibility is so high that it could probably raise the cash in the City of London without difficulty, it says it would not be able to meet the resulting annual interest debt, and is not anxious to burden its balance sheet in this way.

It would prefer to secure government launching aid, repayable through a levy on sales, together with interest at an agreed rate – collectively amounting to a substantially lower burden than repaying direct loans to banks and other institutions.

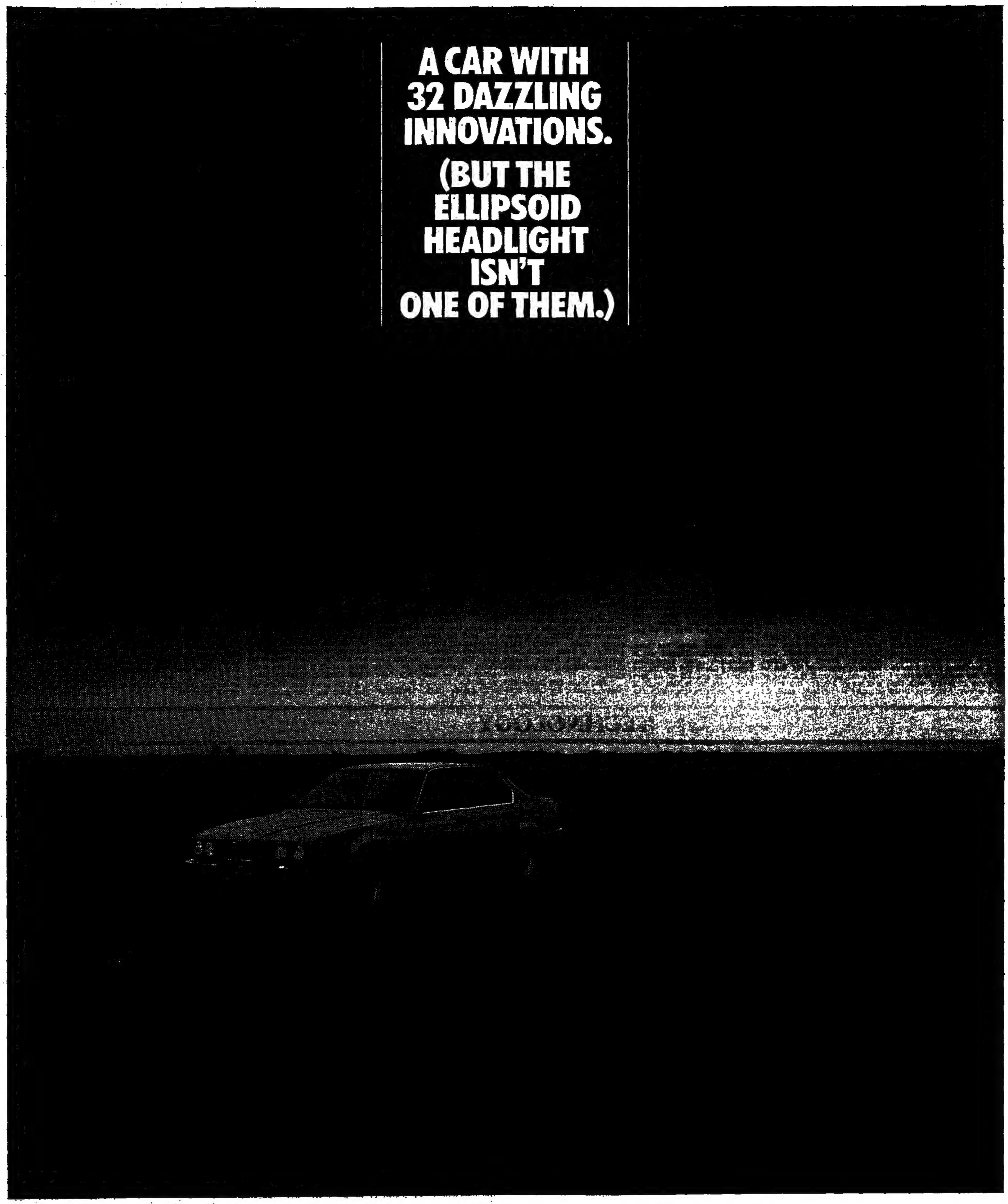
The Government's launch-aid programme for civil aviation projects was originally designed with just this objective in mind.

What has made the Government wary of such programmes in recent years, however, is that in many cases the launch aid has not been repaid because the programmes involved have failed to sell in sufficient quantities to justify the initial investment.

Mr Geoffrey Pattie, the Industry Minister, is considering the situation but the decision is likely to be one for the Cabinet.

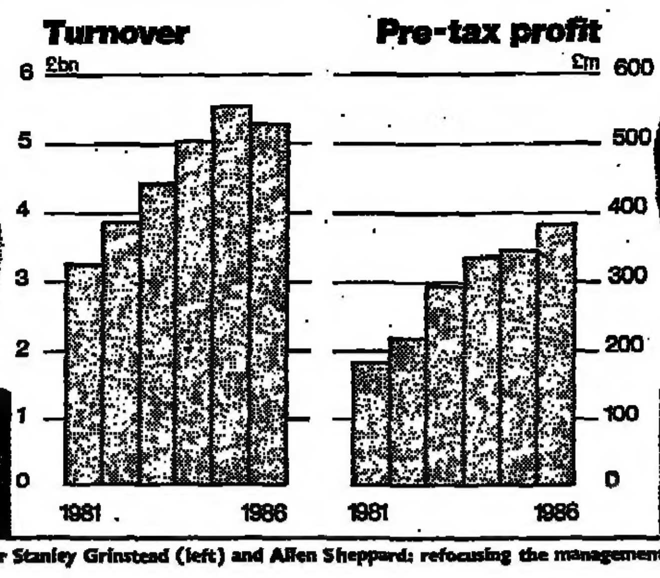
A decision is needed by BAe and Airbus Industrie by the end of March. Some urgency has been imparted by the decision by McDonnell Douglas to launch its MD-11 tri-jet replacement for the ageing DC-10, which will offer formidable competition for the A-340.

The longer a decision on the new Airbuses is delayed, the more the market will move towards McDonnell Douglas and Boeing.


A CAR WITH
32 DAZZLING
INNOVATIONS.
(BUT THE
ELLIPSOID
HEADLIGHT
ISN'T
ONE OF THEM.)

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ



Sir Stanley Grinstead (left) and Allen Sheppard: refocusing the management style

Grand Met recovers its poise and resumes the offensive

Martin Dickson and Lisa Wood explain the revival of the UK food, drinks and hotels group

THE CHANGE of mood is as *startling as it is rapid: just a* few months ago Grand Metropolitan, the UK food, drink and *consumer services group,* was giving out an air of tired and defensive irritability — rather like someone *would after spending* all night in one of its London casinos losing large sums of money.

Today matters are very different. The tone is aggressive and self-confident, and senior executives wear the grins of cats that have supped well on cream—quite likely on Bailey's Irish Cream, one of the group's most successful innovations in the drinks market.

Allen Sheppard, recently appointed as chief executive, paces around the boardroom in a display of restlessness, throwing out pugnacious metaphors. "Our management style," he declares, "is that of a light grip on the throat." Sir Stanley Grinstead, the chairman, offers a *slightly* more diplomatic image: the style is one of nudging managers on *the shoulder.*

But the message is essentially the same: "Grand Met," says one City analyst, "seems to have recovered its poise." That poise had been undermined during the past two years by some flat results; by grumblings in the press that the business built up by the late Sir Maxwell *Joseph seemed to have lost its* direction since his death in 1982; and by increasing rumours that Grand Met might find itself on the receiving end of a takeover bid—like fellow drinks giants Allied-Lyons, Distillers and the Imperial Group.

The recovery of self-confidence is reflected in—and is in no small measure due to—the major acquisition Grand Met unveiled earlier this month: it is buying Heublein, the wines and spirits subsidiary of RJR Nabisco, which controls about 11 per cent of the US market and makes Smirnoff vodka, the second largest spirit brand in the world.

The deal is the most important Grand Met has made in years. It will turn International Distillers and Vintners (IDV), its wines and spirits subsidiary, *into one of the* world's leading players, and shift its brand cocktail from brown spirits, which are in decline, to the more buoyant white ones. The price—$1.2bn—is hardly a snip but the company says the deal will immediately enhance earnings.

The City, for the most part, regards it as a reasonably-priced purchase which is adding to a core activity (unlike the group's more contentious diversification into US children's nurseries and medical care).

And for Grand Met's management it has another advantage: the group is paying with *borrowed money,* which has lifted gearing to more than 100 per cent, *making it much harder for* any predator to launch a bid.

That may smack of the old defensiveness, yet Heublein is only the latest in a series of quickfire developments which has much improved, *if* not entirely rehabilitated, Grand Met's image. Last October it put the seal on a major restructuring programme by finally selling off Liggett, its troubled US cigarette manufacturing business.

The following month Sir Stanley, who is 62, ended months of speculation about the future leadership of the group when he *instigated* a major management reshuffle. He split the roles of chairman *and chief executive* which he had combined since the death of Maxwell Joseph; Sheppard became heir apparent and took on the day-to-day running of the business. In December, the two announced 1986 pre-tax profits of £386m — up 11 per cent and better than analysts' expectations.

Aged 54, Sheppard joined the group 11 years ago after a career in the motor industry. *He has a quick, if somewhat* acid wit, a voice which sounds remarkably like that of Ken Livingstone, the former GLC leader, and a reputation as an extremely tough, direct manager. "We as a group thrive on controlled conflict," he says with relish; "it's part of our management style."

All these changes can be seen as the working out of the Maxwell Joseph legacy; Grand Met in the 1980s provides a case study of the management problems that can be entailed in *carrying forward* into a new generation an empire created by a brilliant entrepreneur.

Joseph was one of the most remarkable British post-war businessmen. An estate agent by training, he built up a business based on property, particularly hotels, in the 1950s and 1960s, before diversifying into areas such as food (Express Dairies) and brewing (through his bitterly contested takeover of Watney Mann in 1972).

Joseph concentrated on strategy, leaving much of the routine of business to two lieutenants through most of this period. They came to be nicknamed Gloom and Boom. One was Stanley Grinstead, who had a reputation as a number-cruncher; the other was Ernest Sharp, the talent-spotter, who left the group in 1980, with Grinstead emerging as heir apparent.

Sir Stanley is a quietly spoken, deliberative man, who peppers his conversation with analogies drawn from horse racing, *a passion of his.* But he lacks the personal charisma of a Maxwell Joseph, and critics *claimed* — at least until the Heublein deal — that Grand Met had of late lost some of its flair, direction and ability to make well-priced acquisitions.

Sir Stanley rebuts this, and says that the group has been pursuing a consistent growth strategy involving geographical diversification; an improvement in the quality of earnings through the development of brand names and the disposal of non-core businesses; and the cultivation of management in *depth. Some of these have* their origins in the Joseph era but others are designed to counter weaknesses inherent in a business founded primarily on entrepreneurial flair.

● *Geographical diversification* began at the end of the Joseph era, with the purchase in 1980 of the Liggett group in the US, but this strategy was always very much Sir Stanley's own. The aim was—and is—to reduce dependence on the UK economy, ideally by having one-third of profits earned in Britain, one-third in the US, and one-third elsewhere abroad. Over the past six years the UK contribution to earnings has fallen from around 95 per cent to 40 per cent.

The main drive has been into America. Liggett was a particularly good acquisition, *bringing Grand Met distributive* control in the US of its own liquor brands. It also took it *into generic cigarette* manufacturing, which initially proved to be a valuable cash cow. But in 1984 a price war erupted in the generics market, scuppering Grand Met's attempts to sell off the cigarette business to its *management and sharply* reducing the American contribution to group profits. Grand *Met stood accused of bad* timing.

Its other major US acquisitions — Heublein apart — have also provoked controversy. In 1981 it bought the Inter-continental Hotels chain for $500m (then £275m), but the earnings flow has been disappointing and has yet to cover the acquisition and development costs.

To this Grand Met replies that the deal enabled it to buy one of the leading brands in a growth industry it understands intimately, and the value of the deal is demonstrated by the very large sums it has been offered to *sell* the business (£900m, according to unofficial reports) which it has no plans to accept.

Equally controversial has been a move in the US into "branded consumer services" through the purchase of Children's World ($35m), a kindergarten chain, Quality Care ($125m) a home health care operation, and Pearle Health Services ($385m), an eye care chain.

Critics claim that Grand Met paid too much for these businesses, particularly Pearle, which is based in Texas and was hard hit by the oil slump. *Sheppard retorts* that these are mostly acquisitions "for the 1990s" in fields which should see *strong growth thanks to* demographic trends.

Nevertheless, concern about performance in America is shown by the despatch of a new boss, Ian Martin, formerly head of the brewery division from the UK, to adopt a "more hands-on approach" to its US operations.

● Improving the quality of earnings. "Maxwell Joseph," recalls Sir Stanley, "always wanted to buy assets at a discount. He would buy anything if it was cheap."

And while for many years Grand Met had a reputation as a buyer and seller of businesses, it in fact made relatively few disposals. That has changed *over the past two years as it* has sold off businesses outside its core areas of drinks, food and personal services, or in mature areas which do not promise strong growth. A prime example is Mecca Leisure, the bingo hall operator, sold for £95m in a 1985 management buy-out. Its other gambling interests—the casinos and the Mecca bookmaking chain, are strong in cash generation — and have been retained.

Alongside this "decluttering," as Sheppard calls it, Grand Met has been building up the quality of its property *portfolio (now worth £2bn)* and its brands—a process which has been particularly successful in the *Watney Mann* brewing division and International Distillers and Vintners, its wines and spirits subsidiary.

Watney Mann has developed or acquired a strong portfolio *of brands since the early 1970s,* when its infamous Red Barrel beer was arousing the ire of CAMRA, the real ale enthusiasts. The brands now include Ruddles, Budweiser, Fosters and Websters Yorkshire Bitter.

IDV, for its part, has a very high reputation for new product development. One major recent success is Malibu, a coconut-based drink, while Piat d'Or has become Britain's number one branded wine in a largely unbranded market.

● *Management methods.* The triumvirate of Joseph, Grinstead and Sharp may have served the group well in the 1970s, but when Grinstead was left on his own in 1982, the business clearly needed a change in management methods; one man could not hope to juggle with all the balls in a growing business. A broad structure has now evolved largely along sector lines; earlier it had been structured along geographical lines.

At the same time, there was last year an ill-disguised contest for the post of heir apparent, with Sheppard emerging as victor from a three horse race.

Grand Met has always maintained a very small head office, keeping a tight hold over financial targets but delegating managerial authority down the line. The aim has been to balance entrepreneurship with central control—hence Sheppard's "light grip on the throat."

Such a system clearly depends crucially on the quality of line managers. Over the past few years Grand Met has been developing a "hit squad" system under which teams from other parts of the group are sent in to sort out under-performing subsidiaries.

For instance, Clive Strowger, who had been in the group's brewing division, was drafted into Express Foods in 1984 as chairman and chief executive. His task: to turn round a business whose trading profit had *slipped* from £36.4m in 1980-81 to £16.4m in 1983-84.

Some of the difficulties were outside the group's *immediate* control, such as EEC policy affecting the dairy industry. *Many others were internal.* Strowger set about a rationalisation programme—among other things, he sold the liquid milk operations in the North of England—and reorganisation of the business into fully accountable de-centralised units.

Its profits trend is now firmly upwards — with a trading profit *of* £27.6m in 1985 and the division well placed to look for a complementary acquisition in the food sector.

Grand Met cites its ability to attract top quality managers and move them around in this way as one reason why a takeover bid designed to break up the group would be misguided. The whole, goes the argument, is worth more than the parts and the profits record of the past 25 years proves this. The group has a pool of knowledge which can *cross-fertilise, as* in the development of Bailey's Irish Cream, a whisky-based liqueur, *which utilised dairy and spirits* experience.

And, says Sheppard, it has *the financial muscle* to take the long view, balancing a good performance in some parts of the empire against setbacks or investment for the future in others.

Bids apart, the next few years will prove an important test of this argument. Grand Met's *long-standing brewing,* dairy and spirits interests are currently among its better *performers,* while a question-mark hangs over these US acquisitions "for the 1990s." As one City analyst says: "The promise is there but we are still waiting to see Grand Met firing on all cylinders."

Management abstracts

Ethical issues for management knowledge. W. J. Duncan in Journal of Business Ethics (US), October '86 (9½ pages)

Discusses, with supporting case histories, four ethical issues in the development/application of business knowledge: (a) failure to adopt or disclose knowledge of proven value; (b) inappropriate implementation or incomplete disclosure of knowledge with proven potential; (c) use of knowledge for the exclusive benefit of a selected *interested* group, even if harm is done to others; (d) intentional falsification or misrepresentation *of* knowledge. Suggests questions the decision-maker should ask to evaluate the correctness of an action.

Making the right agency choice. Business Marketing (US), September '86 (7 pages)

A roundtable discussion *among* advertising executives throws up views on choosing an agency; considers characteristics important in a business-to-business agency—one speaker warns that agency people tend to know only about agencies, they have no other business experience; outlines attitudes on fees, the use of speculative work—agencies tend to hate it; compares the attributes of consumer versus business-to-business agencies; questions whether other senior management should be involved in the decision to select an agency, and advises on where to find an agency.

The hazards of being a director. E. Woolf in Accountancy (UK), Nov '86 (3 pages)

Reviews company law governing the conduct of directors regarding loans, the protection of minorities, wrongful trading and shadow directors. Also covers disclosure requirements in accounts and those expected of auditors.

Alcoa. G. D. Smith and J. E. Wright in Across the Board (US), Sept '86 (8 pages)

Tells how the Aluminium Company of America, feeling the golden years of growth had gone, called in business historians to help give a perspective to new directions the group could take by examining company history to discover cultural *strengths and constraints;* shows how a move towards diversification breaks with strong traditions of centralisation and puts strains on employee loyalty.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Fire controversy engulfs Eurotunnel

Andrew Taylor looks at the Anglo-French consortium's plans to tackle safety problems

THIS WEEK Mr John Silkin, Labour MP for Deptford warned that the Channel Tunnel could become the longest crematorium in the world. But supporters of the scheme believe the tunnel's safety record will more than match that of its main competitors, the cross-Channel ferries.

The tunnel's promoters argue that attacks on the safety aspect of their plans are politically *motivated or special pleading* by opponents, like the ferry companies, which have everything to gain by stopping the project dead in its tracks.

The safety debate has spilled over into the House of Commons where MPs have been considering the Channel tunnel Bill. It is also likely to be a central issue when the *Bill* goes before the House of Lords in the next few weeks.

So far Eurotunnel, the Anglo-French consortium which a year ago won the concession to build the £4.7bn tunnel, has resisted pressure to change its plans. These would allow passengers in their cars to be carried through the 31 miles tunnel in specially constructed railway carriages.

Opponents painting lurid pictures of raging infernos of disaster movie proportions say that failure to segregate passengers from their vehicles, as ferries do, substantially increases the risk of fire and a major catastrophe.

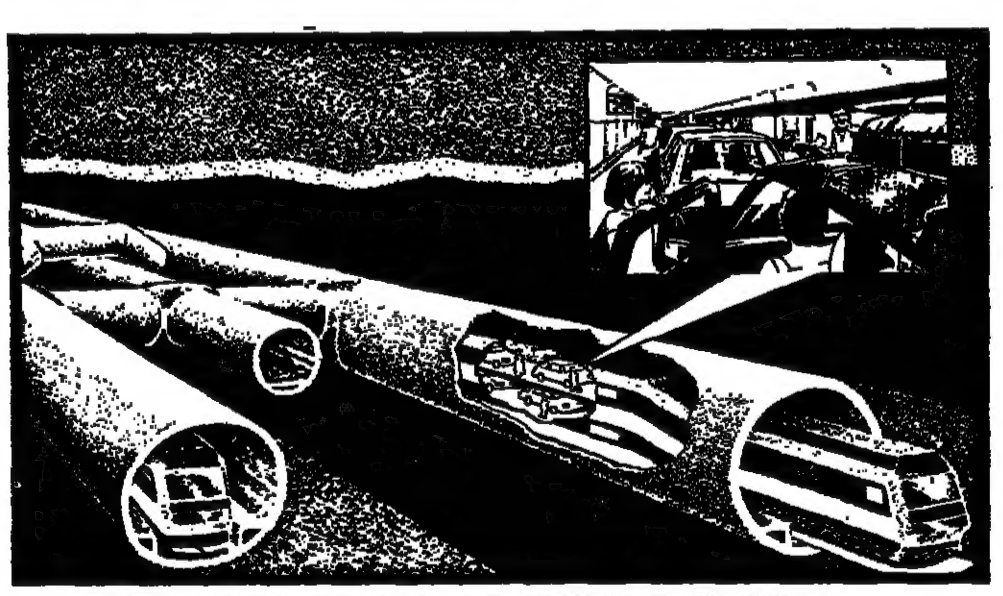
But what safety and emergency procedures are *likely to emerge? Not* all the answers are available, since the choice of materials and systems to be used has yet to be finalised. The arguments between supporters and detractors are therefore likely to continue.

Eurotunnel, however, argues that the system of carrying passengers in their vehicles in specially designed rail wagons is inherently safe.

It points to the experience of Swiss railways which have been safely ferrying large numbers of vehicles and passengers through Alpine tunnels for more than 30 years.

Motor cars were first carried by the Swiss Federal Railway through the 20 km Simplon tunnel, connecting Switzerland and Italy, in 1933. But it was not until the 1950s that large numbers of cars began to be ferried through the Simplon and the nearby 14 km Lotschberg tunnel.

Around 25m vehicles have been carried through the Alpine tunnels, including the Gotthard service—withdrawn in



Planned shuttle service: Passengers would travel with their cars.

1981 when the toll free Gotthard *motorway tunnel was com*pleted—without a single death or serious accident, says Eurotunnel.

The system operated by the privately run Bern-Lotschberg-Simplon Railway is much more basic than that proposed by Eurotunnel.

Vehicles are ferried on flat bed, open-sided wagons for up to 42 km, for passengers travelling through the Lotschberg tunnel from Kandersteg to Brig.

> **The tunnel could become the longest crematorium in the world—John Silkin**

Passengers have no option but to travel inside their vehicle. They are allowed to smoke but the railway, of which the Canton of Bern is by far the largest shareholder, asks passengers not to throw lighted cigarettes out of the window.

By comparison Eurotunnel proposes to build fully enclosed, air-conditioned shuttle wagons equipped with fire extinguishers, alarm systems, fire doors and breathing apparatus to fight any fires that might occur.

Smoking will be banned and trained officials—at least one for every three wagons during *peak travel—will be on hand* to cope with any emergencies and to ensure that safety regulations are obeyed.

Final decisions on what types of material will be used for things like fire doors and other fixtures and fittings will not be taken until detailed studies have been completed.

A programme of stringent tests is being carried out on behalf of Eurotunnel by the Fire Research Station at Borehamwood, Herts. Among other things, researchers will be *seeking to ascertain the maxi*mum temperatures fire doors might have to contend with. *The effectiveness of ventilation* systems to cope with smoke will also be tested.

*Fire curtains, says Eurotun*nel, must be able to contain a fire and stop any noxious fumes *from spreading for at least 30* minutes, even in the extreme of all the cars in a carriage *catching alight.*

The integrity of its plans will be further tested by the Channel Tunnel Safety Authority established by the British and French governments. This body must approve the proposals before they can go ahead.

Colin Stannard, Eurotunnel's commercial managing director says: "The most important point is that the system of carrying cars together with passengers on rail ferries is safe—as the Swiss experience has shown with more than 30 years without a serious incident or a single vehicle catching fire."

Stannard argues that out of *50,000 car fires in the UK in* 1984 only 6,000 occurred in stationary vehicles and the vast proportion of these were started deliberately. Others were caused by drivers carrying out maintenance or interfering in some way with the mechanics and electrics of their vehicles.

"Drivers will not be *permitted to work on their cars* on the shuttle. All the evidence is that stationary vehicles on the shuttle will not catch fire," he says.

> **The evidence is that cars on the shuttle will not catch fire—Colin Stannard**

Should the unthinkable happen Eurotunnel stresses that vehicle owners and fellow passengers will provide the first line of defence with extinguishers available in each carriage to cope with fires immediately they are spotted.

They will be supported by railway officials who, like airline hostesses, will be fully trained to cope with any emergency.

In the event of serious problems carriages will be able to be decoupled locally and isolated from the rest of the train which will have locomotives front and rear to tow carriages clear of any trouble.

The project requires three tunnels to be constructed under the Channel: one to carry northbound traffic; one to carry southbound traffic and a central service tunnel. If an emergency occurs in one tunnel, either of the two remaining tunnels could be used to evacuate passengers. Access points between the tunnels will be spaced every 375 metres.

Eurotunnel will have its own fire fighting locomotives and staff which will be trained by the Fire Brigade. The local brigade itself will be expected to be able to be at the tunnel entrance within a few minutes of an emergency call. Water and other sophisticated fire-fighting materials and equipment will be fully available in the service tunnel, says the consortium.

Stannard says that the safety record of trains carrying cars and passengers together, is far superior to that of any other form of cross channel transport; while evacuation and emergency procedures are palpably much easier to carry out in a land based link than either in the air or at sea.

On the same tack Eurotunnel argues that segregated rail tunnels removes the possibility of head-on collisions. There will also be staffed control towers at either end of the tunnel monitoring the progress of trains. These will be able to override the driver and automatically halt a train in an emergency, such as a shuttle failing to stop at a warning signal.

The consortium does not wish to advertise the kind of electronic surveillance and searches it proposes to use to counter terrorist threats. It says these will be at least as good as the most advanced equipment used at the best international airports.

It denies that it would be a soft target, as has been claimed. It says the ability of tunnel *walls to absorb blast means that* damage would be limited unless there was an explosion very much larger than any *terrorist* bomb that could be easily smuggled aboard the shuttle.

It does not say so but implies that sea ferries are a much easier target upon which greater damage could be inflicted.

Eurotunnel is confident that its proposals will be accepted by the safety authority. Its opponents intend to make sure that these proposals are fully debated and tested before they receive the go-ahead.

WORTH WATCHING

Edited by Geoffrey Charlish

Chips with touch of exclusivity

LOGICA, A major UK electronics systems design and consultancy company, has set up a specialist design service *for application-specific integrated circuits (ASICs).*

The move follows market research which showed that many engineers *would* welcome expert, unbiased help in designing chips for their products.

Unlike so called "commodity" chips (standard microprocessors for example), ASICs allow designers to build exclusively into their products by tailoring the chip's functions to the product's needs. And this can be done without going to the expense of purchasing "custom" chips which are designed from a virgin area of silicon. Instead, with ASICs, most of the logic circuits are laid down as rows of standard cells on mass-produced "blanks." The cells are connected to suit the application by using relatively low-cost interconnection design and conductor metallisation processes.

ASICs are gradually becoming more popular and sales have continued to rise over the last two years, in contrast to the market for commodity chips, which has fallen.

Nevertheless, Mr David Clark, project manager at Logica, thinks some companies, particularly in the UK, have been slow to exploit the benefits of ASICs. The advantages he points to include cost effectiveness, high operating speeds, size reductions, low power consumption and increased reliability.

Complete digital electronic systems can now be committed to ASICS and the cost is decreasing (particularly for low production volumes, even though complexity is increasing. Production runs of 50 or so *chips* are feasible.

Logica will offer a total service from functional specification to the "ready to manufacture" stage, when the completed design will be handed over to a specialist silicon fabrication company.

Balloons feature on silver screen

A SMALL private company in North Carolina has developed a powder consisting of tiny ceramic "microballoons" coated with silver. Mixed into a solvent, a paint results. When this is sprayed on to a surface and allowed to dry it produces a lightweight layer which is electrically conductive and screens out radio waves.

The development could *prove important for electronic* equipment shielding (for technical and security reasons), and for radar/radio reflective surfaces (coating dish aerials for example).

The product, called SCMCM (silver-coated magnetic ceramic microballoons), is offered by Carolina Solvents (CS) of Hickory, North Carolina. Although paints with solid silver particles are already available, they are heavy and expensive. The CS product uses hollow, fired ceramic spheres of 10 microns (millionths of a metre) wall thickness and a diameter not exceeding a few hundred microns.

In addition, magnetic materials are incorporated into the ceramic which makes the microballoons mutually attractive and helps them remain in contact to give a conductive surface.

The paint covers about 200 sq ft per gallon and the coating cost is put at 25 cents per sq ft.

Translator always close at hand

IN JAPAN, Sanyo Electric has launched what is claimed to be the first portable—yet full-scale — English/Japanese electronic dictionary. It was developed in conjunction with two other Japanese companies, ID Corporation and Toyo Information Systems Company. Sales of the unit will start in March.

Designated PD-1 and smaller than a portable typewriter, the unit has a vocabulary of some 35,000 English/Japanese words, to which another 20,000 words can be added in printed board form if required. After typing a word, a liquid crystal display screen shows the translation.

The machine also has associative qualities. For example, if the word "solar" is entered, it will display the translation and will also list related items like "solar cell" or "solar battery." The PD-1 will also search for a complete word when only the first two or *three letters, in Japanese* or English, are known.

Wristwatch for deep thinkers

BATTELLE, THE research organisation of Columbus, Ohio, is developing a wristwatch computer for divers, and is seeking clients to help commercialise the device.

Using the unit, details of a dive can be recorded and the computer will display length *of time underwater,* depths at which the diver has been operating and how he should ascend safely to the surface to avoid the "bends." Afterwards, a personal computer can be connected to store or read the information.

Flexible change from asbestos

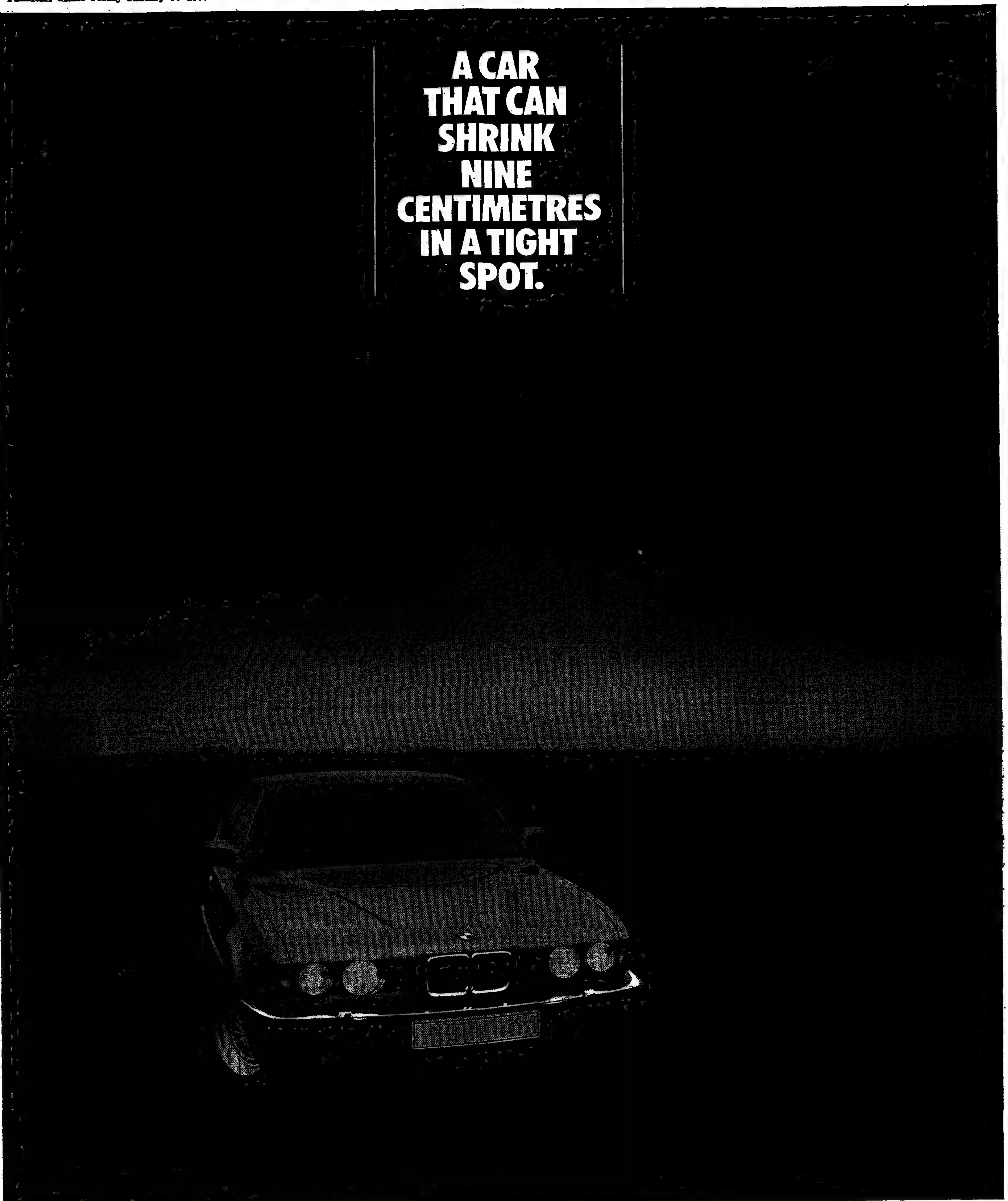
GLASGOW COMPANY Cape Industrial Products says that although there are now non-asbestos materials well able to meet the fire protection needs of the building industry, manufacturing industry has not been so well served.

Mainly, this has been because engineers in industry are more likely to need good heat, strength and electrical characteristics in various combinations.

The company now has what it considers a cost-effective solution to these problems in the form of Duratec, a calcium-silicate heavy-engineering board which retains its high strength at temperatures up to 700 deg C.

The material also machines well and has good electrical insulating properties. Components that might be fabricated in the material range from terminal boxes and electrical coil supports, to furnace casings.

CONTACTS: Logica: London, 637 9111. Carolina Solvents: US, (704) 322 1920. Sanyo Electric: Japan, Osaka 991-1181. Battelle: US, (614) 424 7984 or London, 493 0184. Cape Industrial Products: Glasgow, 558 6144.



If you hit something at up to 4 mph, the bumpers absorb the blow. Shrinking the car by as much as 9 centimetres.

If you're travelling at up to 9 mph, it shrinks a further 8 centimetres.

That's because of an impact-absorbing box which also saves the expensive engine supports from damage.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
30	31	1	2	3	4	5

Music

PARIS

Gabriel Bacquier, baritone, Ghylaine Raphanel, soprano, Elizabeth Cooper, piano: Donizetti, Bellini, Massenet, Mozart (6.30pm); Barbara Hendricks, soprano, Gino Quilico, baritone, Academy of Saint Martin-in-the-Fields conducted by Iona Brown (8.30pm). Both concerts Monday. Théâtre Mogador (4874 5724).

Shirley Verrett with the Nouvel Orchestre Philharmonique conducted by Stefan Soltesz: extracts from Norma. Otello, Don Carlos, Le Cid (Mon). Opéra Comique-Salle Favart (4296 0611).

Trio Gabriel: Schumann, Villa Lobos, Brahms (Tue). Salle Gaveau (4563 2030).

Daria Hovora, piano: Boccherini, Villa Lobos, Rachmaninov (Wed). Salle Gaveau (4563 2030).

Orchestre de Paris' soloists with Andras Schiff as conductor and piano soloist: Bach (Wed, Thur). Salle Pleyel (4561 0630).

Europe Chamber Orchestra conducted by Gidon Kremer: Mozart (Thur). La Villette (4249 7722).

ITALY

Rome, Auditorium in Via della Conciliazione: Wolfgang Sawallisch conducting Beethoven (with violinist Uto Ughi). (Mon and Tue). (654 1044).

Rome, Oratorio del Gonfalone (Via del Gonfalone 32a): The Gonfalone Chamber Orchestra with flautist Onorio Zaralli. C.P.E. Bach and Frederick II of Prussia (Thur). (687 5952).

Rome, Teatro Olimpico (Piazza Gentile da Fabriano): Padua Chamber Orchestra conducted by Giorgio Carnini (who also plays the organ). Handel organ concertos and Bach cantatas (sung by soprano Susanna Rigacci). David Short plays the trumpet. (Wed). (393 304).

SPAIN

Barcelona: *Alberni String Quartet.* Beethoven (Tue). Centro Cultural de la Caixa, Passeig San Joan.

Madrid, Daniel Barenboim. Beethoven Sonatas. Teatro Real, Plaza Isabel II. (Tue-Thur).

NEW YORK

Merkin Hall (Goodman House): Carmit Zori violin recital with Charles Abramovic piano. Fritz Kreisler, Beethoven, Dvořák, Bartok, Bruch, Wieniawski (Tue mat); Calliope, a Renaissance band. Susato, Lesbio, contemporary Catalonian Cobla Band Music (Tue); Kimball Wheeler mezzo-soprano recital with Samuel Sanders piano. Respighi, Bartok, Villa-Lobos, Gerorge Tsontakis (world premiere), Strauss (Wed); Keith Romano countertenor recital. Bach, Benton Hess (world premiere), Handel, Hasse, Lully, Rameau, Monteverdi, Lieder from Germany and Scandinavia (Thur). 67th w. of Broadway (362 8719).

Music at the Crossroads (Whitney Museum Branch): The third annual American Sampler with Andy Statman Klezmer Orchestra *performing* contemporary Jewish music and Vassar Clements playing bluegrass fiddle (Tue, 6pm). Sculpture Court, Philip Morris Bldg, 42nd & Park.

TOKYO

Suntory Hall, Akasaka. Barry Douglas, *piano.* Beethoven, Liszt, Mussorgsky (Mon); Beethoven, Rachmaninov, Shostakovich, Schumann (Tue). Suntory Music Foundation Award Winners' Concerts: Michio Kobayashi, harpsicord. Bach, Recital Hall (Mon); Sumire Yoshihara, Yasunori Yamaguchi percussion, Hiroshi Shibayama, oboe. Contemporary music including Iannis Xenakis and premiered by Yuji Takahashi, Jo Kondo, Norio Fukushi. Recital Hall (Tue). Nagoya Philharmonic Orchestra, conducted by Yuzo Toyama with Kiyoshi Shomura, guitar. Schubert, Rodrigo, Rachmaninov. (Wed): Italian Opera Arias by Yoshinobu Kuribayashi, baritone and Toshiko Tsunemori and Kiyomi Toyoda, soprano. New Japan Symphony Orchestra conductor, Kotaro Satoh. Verdi, Donizetti (Thur). (505 1010).

WASHINGTON

National Symphony (Concert Hall): Hugo Wolff conducting, Mstislav Rostropovich 'cello. Schumann, Bloch, Dvořák (Tue). Kennedy Center (254 3776).

CHICAGO

Todd Wilson organ recital (Orchestra Hall): Sowerby, Vivaldi, Bach, Dupre, Widor, Reubke (Tue). (435 6111).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Der Rosenkavalier, in John Schlesinger's fussy production, returns with an attractive cast – Felicity Lott, Ann Murray, Barbara Bonney, Hans Sotin – and Bernard Haitink as conductor. Last performance of Lucia di Lammermoor, in which June Anderson and Alfredo Kraus provide impressive exceptions to the general rule of mediocrity. (240 1066).

English National Opera, Coliseum: the new production of Tosca, which Jonathan Miller has updated to 1944, has Josephine Barstow in the title role and Jan-Latham-Koenig conducting. The Queen of Spades, one of the more controversial of David Pountney's ENO productions, returns in impressive form, led by Alan Woodrow, Janice Cairns, and Sarah Walker as an unforgettable Countess (836 3161).

PARIS

Gala evening (Tue) at the Paris Opera: Elektra, conducted by Seiji Ozawa with Hildegard Behrens as Elektra and Christa Ludwig as Clytemnestra, followed by a Vienna 1900 Soirée et Souper to chamber music accompaniment. Evening Dress. Paris Opéra (4266 5750).

Roland Petit and Ballet National de Marseille present The Blue Angel at the Palais des Sports, Porte de Versailles (4828 4010).

Ballets Van Dantzig/Balanchine conducted by Lothar Zagkosek. Van Dantzig's choreography of Sans Armes, Citoyens, to Berlioz' music, is followed by symphony in three movements by Stravinsky in Balanchine's choreography. Paris Opera.

WEST GERMANY

Berlin, Deutsche Oper: Die Hochzeit des Figaro has fine interpretations by Pilar Lorengar, Carol Malone and Wolfgang Brendel. Der fliegende Holländer has Janis Martin, Gerd Brenneis and Robert Hale. Ariadne auf Naxos; will be conducted by Heinrich Hollreiser. Otello has a particulary strong cast with Pilar Lorengar, Kaja Borris, Franco Bonisolli and David Griffith. Zar und Zimmermann rounds off the week. (3 43 81).

Hamburg, Staatsoper: Don Carlos stars Linda Plech, Stefania Toczyska, Kurt Moll, Giacomo Aragall and Giorgio Zancanaro. Belsazar has Walter Raffeiner in the title role. Le Nozze di Figaro is a joint project between Hamburg and Salzburg – Mozarteum. Otello brings Wladimir Atlantow, Kostas Paskalis and Julia Varady together. Also Katja Kabanowa (35 11 51).

Frankfurt, Opera: Die Walküre is revived with a new cast led by Lia Frey-Rabine, Helena Doese, Sandra Walker and Wolfgang Probst. Louis Quilico is repeating his much praised performance in the title role in Falstaff. Hoffmanns Erzählungen for the last time this season. (2 56 21).

München, Bayerische Staatsoper: Fidelio is well cast with Gwyneth Jones, Julie Kaufmann and Rainer Goldberg. Aida, sung in Italian, features Bruna Baglioni, Julia Varady, Lando Bartolini and Juan Pons. Lulu is a well done Jean-Pierre Ponnelle production. Also in the repertory: Madame Butterfly (2 18 51).

ITALY

Milan, Teatro alla Scala: Flavio Testi's new opera Riccardo III conducted by Roberto Abbado and directed by Virginio Puecher, with scenery and costumes by Pasquale Grossi; three ballets by George Balanchine; Zeffirelli's production of Otello, conducted by Carlos Kleiber, with Placido Domingo in the title role. Mirella Freni sings Desdemona and Renato Bruson, Iago. (80 91 26).

Rome, Teatro dell'Opera: Florence Teatro Comunale's production of Carmen conducted by Jacques Delacote and directed by Silvia Cassini with Elena Obratzova, Jose Carreras and Silvano Carroli; L'Italiana in Algeri conducted by Alessandro Siciliani and directed by Jean-Pierre Ponnelle. The cast includes Lucia Valentini Terrani, Ruggiero Raimondi and Domenico Trimarchi. (46 17 55).

Bologna: Teatro della Celebrazioni: First performance of opera based on Pier-Paolo Pasolini's Religione del mio tempo by Adriano Guarnieri, conducted by Giampiero Taverna and directed by Giorgio Marini. Cast includes Susanna Rigacci and Oslavio di Credico. (22 29 99).

Trieste: Teatro Comunale Giuseppe Verdi: *Hary Janos* by Kodaly (new Italian translation by Giorgio Pressburger) conducted by Tamas Pal and directed by Laszlo Vamos. (63 19 48).

SPAIN

Madrid, 1987 season begins with new production and first performance of Boito's Mefistofele. Cast includes Montserrat Caballe. Orquesta Arbos conducted by Romano Gandolfi. Teatro de la Zarzuela, Jovellanos 4. (Wed).

VIENNA

Staatsoper: Cav and Pag, conducted by Bareza with Cotrubas and Vickers; Attila conducted by Mackerras with Chiarra, Ghiaurov, Cappuccilli; Die Fledermaus conducted by Neubold with Dernesch, Lind, Goettling, Weikl; Der Fliegende Holländer conducted by Schneider with Gessendorf, Lilova, Estes; Rigoletto conducted by Boncompagni. (51 444/2655).

Staatsoper im Künstlerhaus: Die Weisse Rose conducted by Zimmermann; Hommage à Stravinski conducted by Keuschnig.

Volksoper: Ein Walzertraum conducted by Schenk; Die Zauberflöte conducted by Parik; Wiener Blut conducted by Bibl; Die Csardasfürstin conducted by Bibl; Das Land des Lächelns conducted by Bibl. (51 444/2657).

NEW YORK

Metropolitan Opera (Opera House): The week features La Clemenza di Tito conducted by James Levine in Jean-Pierre Ponnelle's production with Carol Vaness, Gail Robinson, Tatiana Troyanos, David Rendall and Julien Robbins; and Tannhäuser conducted by James Levine in Otto Schenk's production with Jessye Norman, Eva Randova, Richard Cassilly and Jan-Hendrick Rootering. Lincoln Center (362 6000).

New York City Ballet (New York State Theater): The company's 85th season continues with mixed programmes including the world premiere of Paul Mejia's New Ballet No. 2. Lincoln Center (870 5570).

International Festival (City Center): *The Lyon Opera Ballet in its* American premiere performs mixed programmes including works by Nils Christe, Nacho Duato and William Forsythe. Ballet Rambert performs eight new works, including pieces by Michael Clark, Christopher Brune, Ashley Page and Richard Alston, in a week of mixed programmes. 55th *E. of* 7th Av. (246 8989).

Twyla Tharp Dance (Brooklyn Academy of Music): Two premieres, Ballare performed to Mozart and In the Upper Room with music by Philip Glass mark the week-long mixed programme of Ms Tharp's choreography and dance direction. (212) 944 9300.

WASHINGTON

Washington Opera (Terrace): Mondeverdi's Coronation of Poppea directed by Christopher Alden and conducted by Nicholas McGegan puts Nero's Rome in a contemporary big-business *setting with Emily Golden,* Rodney Hardesty and Will Roy. The week includes Strauss's Wiener Blut starring Sheryl Woods in Zack Brown's 1980 production Don Pasquale in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. Kennedy Center (254 9605).

TOKYO

Japanese Classical Dance. Some of Japan's best-known performers take park in this 30th Anniversary of the Association of Classical Dance. National Theatre (Thur). Tokyo Metropolitan All-Japanese Arts Festival. (533 6456).

Theatre

SPAIN

Madrid, Where Is The Party by Dutch group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pantomime, musical, cabaret show. Teatro Martin, Santa Brigida 3 (222 93 52), until end of March.

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Harman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the *Mississippi, which walked off with* many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6260).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Ghost on Fire (Goodman): The latest play by Michael Weller, called the Chekhov of his generation for his intelligent sadness in plays like Moonchildren and Loose Ends, follows two college friends who try to rekindle their inspiration after making money in Hollywod. Les Waters directs Dawn Arnemann, Peter Aylward and Bill Cobbs. Ends Feb 14. (443 3800).

My Werewolf (Goodman Studio): Theatre X production written by John Schneider tells the werewolf legend as a 1940s horror movie, with all the exaggerations of romance, terror and eerie music, for the stage. Ends Feb 22. (443 3800).

WASHINGTON

Les Miserables (Opera House): The American tour that will end up on Broadway early in the new year begins in Washington as a celebration of the British musical's leap beyond its American forebears. Ends Feb 14. (254 3770).

Arsenic and Old Lace (Eisenhower): Jean Stapleton stars in the old chestnut comedy about two proper ladies who put poor men out of their misery while their nephew buries the bodies thinking he is Teddy Roosevelt building the Panama Canal. Ends Feb 14. Kennedy Center (254 3670).

Glengarry Glen Ross (Arena): David Mamet's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism in its bastion of political support. Ends March 8. (488 3300).

TOKYO

The Three Sisters and The Cherry Orchard by Chekhov. SCOT (Suzuki Company of Toga) led by Tadashi Suzuki, best-known for The Trojan Women move from very Japanese interpretations of the classics to Chekhov. While these productions may be controversial, nonetheless Suzuki continues to experiment – the only Japanese avant-garde director not stuck in a rut. Seibu Theatre 200. Seibu Department Store. Ikebukuro Branch, 12 fl. (Wed). (950 0111 Ext 5323).

Continued on Page 14

Export Development Corporation
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Société pour l'expansion des exportations
(Mandataire de Sa Majesté du chef du Canada)

NOTICE OF PARTIAL REDEMPTION

TO THE HOLDERS OF C$100,000,000 11½% NOTES DUE DECEMBER 15, 1989 SERIES RC

NOTICE IS HEREBY GIVEN pursuant to paragraph 7(B) of the Fiscal Agency Agreement dated as of December 13, 1984 between EXPORT DEVELOPMENT CORPORATION ("EDC") and ORION ROYAL BANK LIMITED (the "Fiscal Agent"), and in accordance with Condition 5(c) of the Terms and Conditions of the 11½% Notes Due December 15, 1989 Series RC (the "Notes"), that EDC has elected to redeem C$6,050,000 aggregate principal amount of the Notes in the denominations of C$1,000 and C$10,000 each bearing the distinguishing letters "RC" and the under-mentioned distinguishing numbers, namely:

FOR THE C$1,000 DENOMINATED NOTES

30	1683	3532	5646	7811	9718	11475	13336	15382	17468	19252	21301	23187	24948	26739	28347	30169	32036	33666	35621	37547	39367	41451	43266	44667	46812	48835	50628	52809	54593	56414	58178
43	1691	3551	5694	7818	9751	11476	13341	15445	17490	19275	21312	23204	24958	26746	28402	30211	32046	33679	35623	37552	39396	41453	43274	44695	46834	48936	50659	52834	54601	56415	58202
66	1692	3563	5699	7829	9759	11500	13380	15464	17505	19316	21332	23218	24983	26752	28474	30217	32053	33687	35633	37553	39397	41474	43313	45025	46942	48968	50865	52951	54612	56450	58206
78	1703	3566	5732	7838	9778	11504	13381	15465	17522	19321	21362	23230	25017	26760	28487	30232	32054	33730	35639	37581	39617	41475	43314	45057	46960	48973	50892	52979	54626	56463	58220
121	1721	3573	5767	7866	9797	11516	13386	15475	17531	19343	21364	23235	25043	26761	28491	30244	32085	33773	35644	37601	39637	41480	43316	45074	46964	48992	50900	52958	54641	56492	58224
146	1776	3605	5779	7873	9816	11565	13402	15493	17540	19361	21381	23242	25050	26775	28544	30247	32094	33780	35646	37603	39676	41538	43343	45088	46975	49011	50901	53060	54649	56530	58225
161	1778	3614	5790	7899	9817	11592	13416	15527	17541	19362	21400	23249	25067	26776	28548	30255	32099	33788	35671	37637	39726	41553	43377	45114	46994	49033	50908	53068	54668	56545	58232
165	1785	3635	5891	7908	9821	11594	13454	15531	17575	19369	21410	23261	25133	26794	28556	30260	32104	33806	35673	37648	39731	41581	43385	45155	47002	49043	50926	53105	54695	56548	58256
188	1798	3642	5919	7913	9850	11606	13467	15570	17576	19405	21436	23278	25138	26799	28564	30261	32119	33816	35711	37670	39759	41615	43423	45160	47018	49072	50948	53131	54724	56576	58258
195	1803	3653	5920	7934	9870	11620	13476	15642	17587	19409	21437	23294	25149	26805	28570	30274	32123	33828	35752	37695	39784	41616	43476	45184	47041	49075	50969	53152	54765	56583	58343
196	1805	3711	5932	7937	9875	11636	13483	15667	17589	19446	21452	23371	25221	26808	28598	30304	32131	33837	35787	37711	39803	41618	43477	45186	47050	49096	50972	53155	54773	56584	58359
223	1813	3717	5946	7944	9883	11640	13499	15676	17609	19476	21481	23403	25229	26818	28625	30306	32134	33842	35806	37712	39812	41623	43503	45211	47064	49119	50974	53169	54806	56620	58371
225	1818	3736	5947	7962	9884	11659	13513	15681	17612	19496	21482	23428	25238	26839	28660	30320	32160	33867	35835	37729	39824	41636	43524	45219	47084	49131	51010	53179	54827	56623	58409
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FOR THE C$10,000 DENOMINATED NOTES

25	109	196	326	466	602	756	886	1010	1194	1274	1346	1486	1617	1665	1761	1916	1967	2214	2378	2514	2634	2754	2821	3081	3387	3509	3648	3725	3857	3978
52	121	239	354	471	663	815	895	1021	1200	1288	1372	1506	1637	1676	1845	1928	1986	2264	2387	2545	2645	2769	2824	3142	3436	3522	3665	3772	3868	3983
71	128	246	357	481	670	850	928	1063	1205	1298	1376	1543	1646	1722	1861	1934	2032	2260	2393	2550	2672	2772	2930	3157	3446	3527	3676	3776	3905	
72	135	250	362	493	693	860	937	1081	1219	1307	1427	1545	1650	1727	1879	1935	2110	2273	2417	2561	2678	2776	2959	3226	3478	3556	3683	3779	3909	
76	150	258	376	511	712	859	944	1087	1237	1309	1436	1566	1653	1731	1898	1943	2130	2316	2443	2587	2710	2778	2984	3235	3479	3562	3685	3782	3914	
80	160	298	396	525	717	874	948	1092	1253	1310	1449	1568	1656	1737	1902	1947	2135	2336	2463	2617	2718	2798	2987	3245	3485	3567	3707	3815	3923	
84	166	318	411	564	741	881	950	1144	1255	1314	1453	1596	1660	1745	1906	1948	2186	2363	2484	2619	2727	2806	3001	3276	3492	3582	3719	3816	3924	
91	172	323	417	590	745	883	998	1160	1260	1327	1478	1604	1684	1750	1910	1962	2207	2377	2486	2626	2752	2822	3056	3332	3504	3586	3723	3818	3957	

have been selected by lot by the Fiscal Agent for redemption on the 2nd day of March, 1987 at a redemption price equal to 101% of their principal amount plus accrued interest to the date of redemption (totalling C$1,034·60 per C$1,000 Note and C$10,345·97 per C$10,000 Note). The aggregate principal amount of the Notes outstanding after 2nd March, 1987 will be C$10,151,000. All the notes listed above will be redeemed on 2nd March, 1987 in Canadian Dollars upon presentation and surrender of the said Notes (accompanied by the interest coupons appertaining thereto which mature after 2nd March, 1987 failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment), at any of the following paying agents, at the option of the holder:

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NOTICE IS ALSO HEREBY GIVEN, that all interest on the Notes so called for redemption shall cease to accrue on or after the said 2nd day of March, 1987, and coupons for the payment of interest after such date on said Notes shall be void.

DATED AT LONDON This 30th day of January, 1987.
***by* ORION ROYAL BANK LIMITED**
Fiscal Agent

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Deutsche Siedlungs- und Landesrentenbank Bonn/Berlin

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DM 100 000 000,—

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Schuldverschreibungen — Serie 223
1986/1996

For the three months 30th January 1987 to 29th April 1987 the notes will carry an interest rate of 4,15% (Fibor less 0,10%) per annum with a coupon amount for DM 51,88 per DM 5 000,— note.
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FINANCIAL TIMES

The following Financial Times surveys are due to be published next week

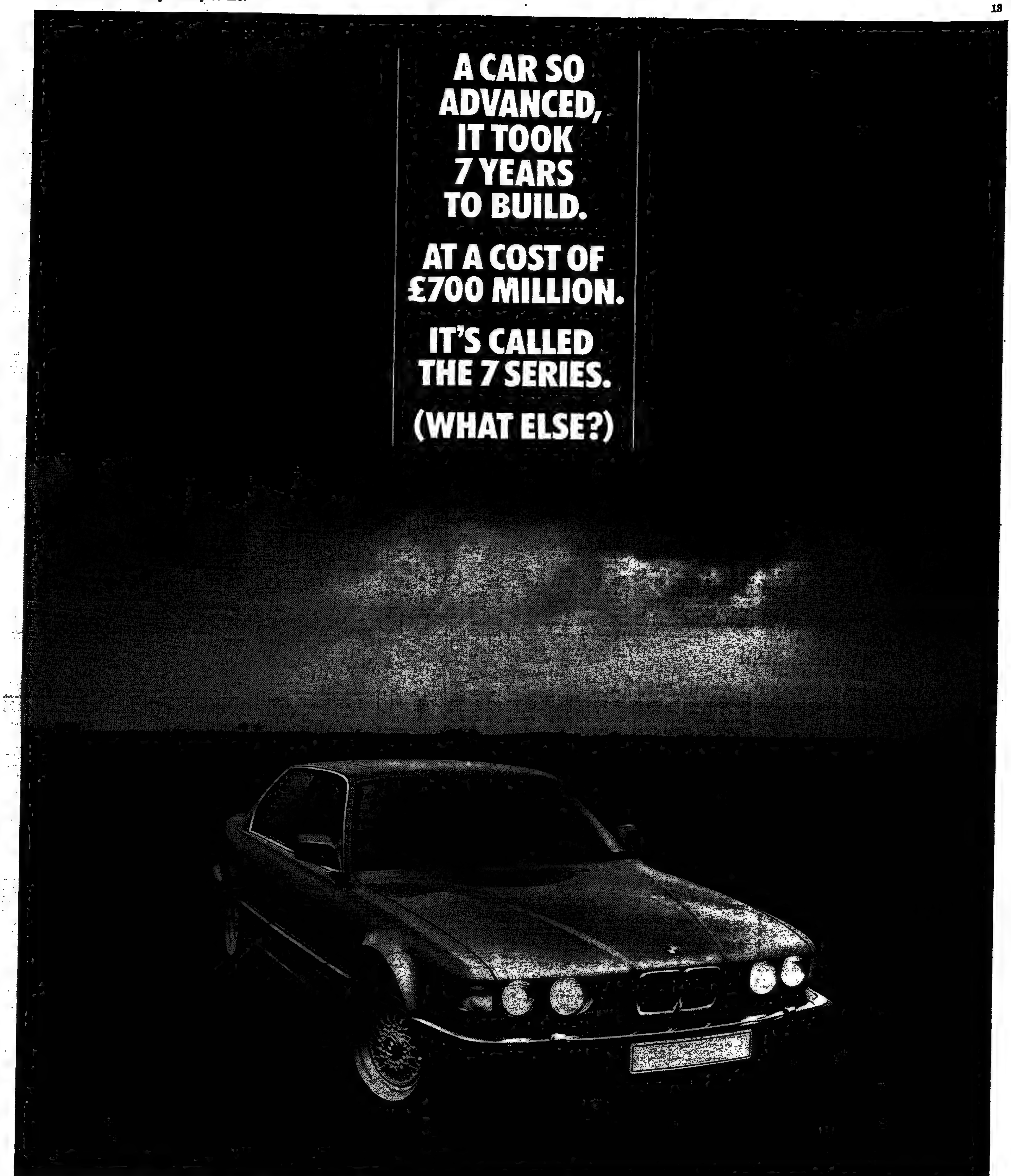
Monday February 2
QUEBEC

Monday February 2
AUCTIONS

Tuesday February 3
OIL TRADING

Thursday February 5
SCOTTISH TEXTILES

The date of the Financial Times surveys may be changed at short notice



With the arrival of the new BMW 7 Series, the rest of the car industry seems to have slipped into reverse.

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Cinema/Nigel Andrews

Set-fast sexism

Rate It directed by Lucy Winer and Paula de Koenigsberg
Boy Soldier directed by Karl Francis
Escalier 'C' directed by Jean-Charles Tachella
The Keep directed by Michael Mann

A TV sex show host with a roving video camera and a Brooklyn accent boasts about his "ability to undress goils": his speciality being to stop young women in the street and persuade them to reveal bits of *themselves* to the camera in dark alleys or doorways.

A porn cinema proprietor hymns the merits of his latest attraction, *Blood Sucking Freaks.* A video game designer shows off his version of "Custer's last stand," featuring graphic impropriety between the General and a Red Indian maiden.

In *Rate It X*, a documentary by Lucy Winer and Paula de Koenigsberg, the American male's pursuit of pleasure continues apace from coast to coast, *even in the age of feminism*, the moral majority, Aids and other disincentives to the aggressive libido. What we sowed in the Swinging 60s we are certainly reaping in the Stinging 80s, courtesy of that nameless nemesis who is filling the path of sex with deadly nettles. But at least in this film, made by women for women about men's attitudes to women, unreconstructed male lust and sexual stereotyping still try to get a hearing.

The film-makers' technique is *to point a microphone* at anything with male hormones that moves, the hope being that the subject will condemn himself out of his own mouth. (Never mind the irony that the microphone they use is the largest and most phallic in screen history). As well as the three charmers mentioned above, we have an undertaker who insists that even in an age of "unisex caskets" you can still get (from him) oak for men and pink lining for women; a cake-maker whose gateaux come in the form of bikini'd female torsoes; a tattooist who claims that *though men dislike the pain* but brave it, women get a sexual thrill from the overmastering needle; and a bunch of war veterans who cuss and stamp something terrible when asked how they would react if their son started playing with dolls. "Dolls?" replies one at first, thinking he must have misheard, "Dolls or dogs?"

This is the kind of film to which the most sensible reaction is probably to cry, "A plague on both your houses." A plague on the interviewees with their set-fast sexism and tunnel-vision machismo (though I have a sneaking regard for Ugly George, the sex show host dressed like a rent boy from Ancient Greece, who lets everything hang out from a pair of sagging pectorals to his own sleaziness). And a plague on the film's makers. They go about seeking men ready to damn themselves, and their own off-camera silence has the loftiness of high feminist piety. But somehow, more by accident, one suspects, than judgment, they've produced a film *full of quirks*, colour and eccentricity.

*

Karl Francis's *Boy Soldier* is a film funded by Welsh TV, with Welsh and English dialogue, set in Ulster. And if that sounds Irish, the movie's mixed geo-cultural pedigree is as nothing to its structure: a narrative tacking *bither and yon* between past and present in which you must hold onto your hat to understand.

But there are rewards for hat-holding. Richard Lynch's title hero, a Welsh soldier on a scapegoat murder charge after shooting a young Irishman in self-defence, "thinks" most of the film in flashback sequences from his army prison cell. The memories dart all over the place. Army training in Northern Ireland with its stress on "minimum force" ("The minimum force for *Mick the gunman*," explains a Sergeant, "is to blow his bloody head off"); the boy's romance with a Catholic girl, who is later tarred and feathered for the liaison; a spell of leave in Wales where his *nerves, still on red alert*, cause him to react to a barrel dropped in the street by crashing through a glass shop door, arms protectively cradling head.

Francis's direction and Lynch's high-strung performance make this kaleidoscopic structure work, partly by convincing us that the boy's own mind has become kaleidoscopic through the splintering stresses of army service in a high danger zone. Whenever it tackles individual emotion, the film works. Only when Francis's political axe begins to grind, giving off the *screams and sparks of anti*-British feeling, does the movie lose breadth and power and become a broadsheet. The British officers are almost all either bullies or duffers. And Whitehall is represented by Bernard Hill as an effete Machiavel in dark glasses, given to toying menacingly with an egg sandwich while murmuring about "*our political masters.*" *The* conspiracy theory of politics is clearly alive and well, with a branch in Welsh television.

With Jean-Charles Tachella's *Escalier 'C,'* Cannon continues to dispense *from* its stockpile of semi-dreadful foreign movies. This is a French film of the "toute la vie humaine est ici" school. All-human-life dramas set in apartment blocks used to be a standby of American theatre. The likes of Elmer Rice or Clifford Odets would have a grand old time throwing *near-opposites at each other* under the same roof: the Prostitute, the aspiring Writer, the failed Boxer, the Rich Lady fallen on hard times, and so on. Now we are at it in the cinema and in modern-day Paris, and the techniques seems even more formulary than it did before.

Tachella, who crafted the middlebrow arthouse hit *Cousin Cousine*, gives us a poisonous art critic (Robin Renucci) taught by life's lessons to be less toxic. He discovers the pain and humanity beneath the *surface of his neighbours' lives:* the young homosexual (Jacques Bonaffé), the drunken old typographer (Michel Aumont), the quarrelling married couples, the *unhappy Jewish lady who hangs* herself (Mony-Rey).

Ugly George in "Rate it X"

Given neighbours like this, I personally would have sought rented accommodation in an abandoned shepherd's hut in the Camargue. But Tachella thinks such trials and lessons are good for one, and the film *rams home its sentimental* morality tale at great length and with few pauses for anything so frivolous as wit or irony.

*

Four years ago *The Keep* was bubbling away in production at Shepperton Studios and on British location, Columbia's intended blockbuster of the year. A tale of Nazis, castles and vampiric monsters, it had a $20m budget, an up-and-coming director (Michael Mann of *The Jericho Mile* and *Theif*) and what was hoped would be a riot of Special FX.

Seeing it today on its first British release, long after it *flopped in America*, one can understand why the Columbia chiefs blew their corporate fuses and shelved the film swiftly after its first exposure. *The plot, adapted by Mann from* a shock-horror best-seller by F. Paul Wilson, has come out as a completely gaga piece of *grand guignol.* Rack his brain how he will, the *viewer* cannot understand why the Nazi troop led by Jurgen Prochnow insist on immuring themselves in this Romanian castle which they know to be demon-possessed; why Ian McKellen as a Jewish paranormal expert (paroled from Dachau) cannot come up with some decent ideas for combating the monster; what Scott Glenn is doing as one Glaeken Trismegistus, who comes all the way from Greece to meet the monster and who leaks green blood when injured; and who exactly the said monster is supposed to be.

But—and it is a fair but—the film *looks* sensational. Perhaps Columbia should have been more tolerant of the movie as a *folie de grandeur* by a team of Gothic visionaries. *There are vast underground* vistas of dripping castle; there is whooshing ectoplasmic cannibalism as Molasar (that is the monster) eats his Nazi prey skin and soul, like a cosmic vacuum cleaner; and there is the beautiful mist-hung Romanian village, built by Mann's team (in a Welsh slate quarry) in the tortured-picturesque style of German Expressionism. *The Keep* may not be a feast for the mind, but it is a minor banquet for the eyes.

Tosca/Coliseum

Max Loppert

The new Jonathan Miller pro*duction of Tosca, updated to* 1944, was first shown at last year's Magio Musicale Fiorentino. It caused a big stir (which was reported on this page by William Weaver). Feelings about the recent Fascist past are still raw in Florence, and Miller exposed them.

In London, by contrast, the show had already been preceded *by a visiting Scottish Opera Tosca* in a not dissimilar vein and style. There is always room for another re-think of a much-played repertory opera; but the feeling at the Coliseum on Wednesday seemed to me considerably less of revelation than of *déja vu.* This is, in sum, another example of a Miller opera production that proves more enjoyable to have read about in advance than actually to visit —preceded by much lively, quotable talk (the good doctor claims to have found A Way To Do *Tosca)*, experienced for much of its course as curiously inert, despite all the obvious interesting ideas and inventions.

The most striking feature is *the huge, high-ceilinged single* set, angled on a rightward slope and covering the right front boxes, that Stefanos Lazaridis has designed — a massive, brilliant piece of theatrical engineering. It serves the first two acts of the opera better than the third, but even there the off-balance theatrical image produces its own sense of *sleight-of-hand* sharpness.

In Act 2, the appurtenances of Scarpia's war office (map of Rome at the back, typist ticking *away at the side*, large black work table in the centre, metal lamps everywhere) lend a crisply cinematic focus to the confrontation of Scarpia and Tosca; and Neil Howlett (in Vittorio Gassmann slicked hair and moustache) and Josephine Barstow (in a smashing black dress with a low back plunge) play it out with keenly economical dramatic intensity. Along the way Miller's Scarpia is revealed as a Buñuel-style foot *fetishist (this actually sorts* less well with Puccini's music than with the Sardou-inherited libretto); the details of torture and the insinuations of Scarpia's lackeys (Stuart Kale and Malcolm Rivers) are touched in with light but chilling effectiveness.

This is, I feel, the only part of the opera that has been fully, thoroughly *produced.* Elsewhere, the characters appear to have been lined up, more or less, and left to their own devices. The relationship between the lovers goes for very little — and Miss *Barstow, always an actively in*volved stage artist, supplies an excess of girlish emotion in the first love duet and romantic rapture in the second as if in compensation. An updated *Tosca* is not an unreasonable proposition, despite the minor hiccups of logic involved (a fan as an accoutrement of disguise, in 1944? a free pass to leave the country by *sea as the Allies* take Anzio?). Attending to matters of dress and location is an insufficient way of carrying it through.

Miss Barstow, whose first ENO Tosca is still recalled with pleasure from a decade ago, is in splendidly free voice: the top Cs ring out, the lyrical lines are finely drawn, the timbre suggests vulnerability as well as leading-lady flamboyance. She needs to develop a longer view of the role, and may now grow towards it. Howlett's familiar Scarpia becomes a newly tough, incisive figure, though he lacks vocal power and *cutting edge*—a more experienced Tosca conductor would surely have guided his and Miss Barstow's (not huge) middle voices more chivalrously through the Puccinian orchestral panoply. *The* Cavaradossi is Eduardo Alvares, a rather unforthcoming performer with a strong, not always steady tenor — he was, we were *told, appearing after* having sustained a serious stage accident last week, which would account for some of the stiffness.

In Florence the production had Zubin Mehta as conductor. At the Coliseum it is Jan Latham-Koenig, formerly a familiar figure in London's concert halls, based more recently in Italy, with a growing reputa*tion for* opera *conducting* that was only faintly borne out in this ENO debut. He allowed the dramatic pulse of the outer acts to flag repeatedly—the absence *of* culminating excitement in both was a sad barometer measurement—and more than once the voices were covered by a loud, thick orchestral impasto.

Neil Howlett and Josephine Barstow

City of Birmingham SO/Festival Hall

Dominic Gill

The City of Birmingham *Symphony* Orchestra's concert under Simon Rattle on Wednesday (a Royal Philharmonic Society presentation) jutaposed two contrasting sixth symphonies, by Sibelius and Mahler.

The Sixth is Sibelius's shortest symphony, and a characteristic child of his artistic maturity—a period whose *chief* preoccupation, and most brilliant achievement, was (in Robert Simpson's neat summing up) "the ability to hint at vast *spaces without needing* to occupy them." Rattle and the CBSO gave it a careful, loving performance, deftly weighing the ambiguity of the opening *movement*, which hovers between large-scale distant views and close-focus intimacy; measuring out the middle movements with gentle precision, and a hint of wryness; and in the finale letting emerge the briefest, flash of titanic forces—a glimpse of towering peaks and waterfalls—before serenity returns.

That sort of delicate Sibelian balance is exceptionally difficult to sustain; and in its quiet way it was perhaps even more impressive than Rattle's vivid, *forthright* Mahler's *Sixth.* I was sorry only to hear that Rattle has not yet been converted to the correct slightly slower tempo than the one he still chooses *for the Mahler first movement* —his *schwungvoll* allegro was undeniably effective, but the basic pulse must be as broad as it is commanding, and it *must* be significantly slower than the scherzo's (even though he avoided the full weight of that comparison by placing the scherzo third, after the andante).

In that pounding first movement, the grip—especially of those impossible swirling eddies of tempo, violent, unpredictable —was masterly. The scherzo was thrilling: a fast, savage beat, the basic stuff from which a marvellous variety of collisions and vivid colours were effortlessly derived. The huge finale was a dizzy culmination, driven to the last, turned upon itself, coil upon coil—Rattle didn't restore the third hammerblow which Mahler (some say, superstitiously) excised, but the music itself so graphically embraces the darkness of defeat at this point that nothing more is needed to drive the *blow home.*

London New Music/Purcell Room

Andrew Clements

Michael Blake was one of the founding directors of the contemporary - music group Metanoia. But he has now struck out on his own, gathering together a number of experienced instrumentalists under the unprepossessing *name of London New Music. If* the selection of pieces for the group's debut in the Purcell Room on Wednesday is an accurate guide, Blake intends *to explore a rather different* area of contemporary music from that covered by Metanoia.

American music promises to be well represented, while of the five composers in the first programme — Zimmermann, Feldman, Skempton, Wolpe, Volans—four can be confidently assigned to the broad church of the "new simplicity," a long way from the densely determinist scores favoured by Metanoia. The emphasis also appears to be on premieres; this time only Walter Zimmermann's *35 Kärwa-Melodien*, the clarinet duet from his *Lokale Musik*, was familiar.

It made a short, nicely varied concert, perhaps lacking one *weightier piece to give a solid* centre. Stefan Wolpe's *From here on farther* (1969, but receiving its first British performance) had by far the highest specific gravity, a tightly worked concerto for *violin*, clarinet, bass clarinet and piano, with crystalline outlines and clinically clean textures. And Morton Feldman's violin and *piano Spring of Chosroes* (1977, another UK premiere) had easily the lowest, a sequence of disconnected gestures for the two instruments which was *neither ingratiating nor* productively abrasive.

Of the two works written expressly for London New Music Howard Skempton's *Finding Home* proved to be a *sequence* of four tiny, sweetly nostalgic inventions for clarinet, cello, glockenspiel and piano, closer to Brahms than to any more recent model. Kevin Volans's *Into Darkness* proved elusive and oddly compelling: described by the composer as "a slightly African sort of *Totentanz*," it offers two movements, one a fractured, ghostly dance, the other a static, introverted piece of pattern-making, inconclusive but naggingly original. Forthright, confident performances of *everything*, from a group already hinting at a positive identity.

Fallen/Drill Hall, W.C.1.

Claire Armitstead

On April 14 1984 the body of a baby boy was found washed up by the sea at Cahirciveen on the Irish coast. He had been stabbed to death. Just over a fortnight later a farming family from Abbeydorney, some 50 miles distant, were taken in for questioning by the police.

That was the start of the Kerry Babies case, in which a young unmarried mother was *interrogated and charged with* a crime which—quite incidentally, apparently, to the powers that be—would have involved becoming pregnant by two different men within the space of 24 hours. She had indeed given birth to a baby, but it was stillborn and abandoned in a field.

In what has become a cause célèbre of the male establishment versus the female individual, Joanne Hayes was put on unofficial trial. At issue were her morals and those *of a* society with one rule for a gadabout husband and another for the country girl whose child he fathered. It is a story that *ought to belong to fiction, or at* least to some dim and distant corner of history; that it is real and recent gives a ready made kick to Polly Teale's *Fallen*, a stark, harrowing, one-woman re-creation of the murder that never was.

Carole Pluckrose

First seen at last year's Edinburgh festival, where it carried off a fringe first, *Fallen* grew out of a 3½-month collaboration between Teale, director Julia Bardsley and actress Carole Pluckrose, during which they *went to* Ireland and met Hayes herself. Their impressions (this, they stress, is fiction within a *framework of fact*) are laid bare in a production which summons a magnificent performance from Pluckrose as the renamed Siobhan, a child in a woman's body, whose swollen waistline is *pathetically at odds with her* passion for wrapping parcels, her fear of becoming "soiled goods," and her stubborn refusal to contemplate "contraceptions" *because what would he think?*

What could so easily lapse into loose sentimentality is kept on its toes by Bardsley, confirming her as one of the most exciting young directors the fringe has to offer. There is not an item on the stage that is not part of the drama — from the pendant window through *which Siobhan moons*, to the chairs which she orders and reorders only to send them crashing to the floor in the pain of her interrogation. It is an ugly *story, beautifully told.*

Shlomo Mintz/Elizabeth Hall

David Murray

Shlomo Mintz played both violin and viola on Wednesday *in a decidedly off-the-beaten*-track programme: the forgotten Mendelssohn violin sonata that Menuhin brought to light only two and a half *decades ago*, a violin version of the "Trockne Blumen" variations Schubert composed for flute, and—this was where the viola came in—*the second of the late Brahms* clarinet sonatas. The pianist Ostrovsky made a full partner, forward but not overbearing, evidently in complete musical sympathy with the soloist.

Mintz cultivates a bright sound on the violin, strong and purposeful and not greatly varied. Recently I was admiring the bold range of speaking tone that Gidon Kremer brings to Schumann's sonatas on record; Mintz is almost at the opposite extreme, with a tone so settled and polished that nuances have to be conveyed chiefly by phrasing and articulation. In the sprightly Mendelssohn sonata that was quite good enough, given the athletic address *of* both players. One could only conjecture whether more and lighter tints might have made still more of the piece.

Mintz's sound on the viola was impressively large, and uniformly dense with vibrato. Listeners who prefer the original clarinet versions of the Brahms op 120 sonatas will not have had their allegiance shaken; *the effect here was con*siderably *less* alert and flexible than a mature clarinettist can manage, and therefore dangerously bland. For once Ostrovsky *was too reticent*, in the *Allegro* amabile, and the movement more or less crooned itself to sleep. He took a firmer grip on the later movements, which *emerged with credit.*

Surprisingly, it was in the Schubert flute-variations that Mintz made the most striking impression. There, the well-*honed technique* carried lively intelligence and much imagination. The "Trockne Blumen" variations make a long sit when any but the very best flautists *take them up: Mintz made* delightful play with them, exploiting what a clever violin can do that a flute can't, and often recapturing the bittersweet *yearnings* of the original *song* and its *Schöne Müllerin* context. It was nice to be persuaded that he is not, after all, just another super-efficient performer joining the international music circus.

Continued from Page 12

Exhibitions

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.;

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Ger*many, showing the 417 pieces donat*ed in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings *in several rooms. Lenbach, celebrat*ed above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

ITALY

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the *Pitti's* Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

Rome: Galleria Nazionale di Arte Antica: (Palazzo Barberini, via delle *Quattro Fontane): Works by* Caravaggio, normally spread throughout various museums and churches in Rome (mainly from the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

Rome: Museo Napoleonico: (Piazza di Ponte Umberto 1): The Guillotine, fascinating, but gruesome exhibition, illustrating the history and use of the *guillotine* via a series of engravings and watercolours from the Museo Carnavalet and the Biblioteca Nazionale in Paris. Dr Luisi Guillotin is exonerated for its invention, (being merely the promoter of a law which extended its use – as being more humane – to all, not merely noble, prisoners). Numerous engravings show the beheading of Louis the Sixteenth. Also included is the drawing by David of the cropped-headed Marie-Antoinette on her way to the scaffold. Ends Feb 8.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most *have never been out of China.* The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

Rome, Galleria Giulia (via Giulia 148): The three rooms of this small gallery each devoted to the works of one young Italian artist: Roberto Gnozzi's mythological bronzes, Giorgio Russi's sinister explorations of nature in terracotta and black, and Claudio Marullo's cheerful inconsequential and highly-coloured oils. Feb 4.

PARIS

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries Gardens within the metallic structure and the glass-roofed vault of the vast Belle *Epoque railway station. It houses* paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and Post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.

The sculptures come into their own in the immensity of the nave, at the end of which is a large-scale model of the opera and its district below glass tiles. The view of Paris from the terraces is *an additional* delight. Musée d'Orsay, Entrance 1, rue de Bellechasse (4549 4814). Closed Mon.

Japon des Avant-Gardes: A multi-disciplinary *exhibition of some 500 ob*jects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japa*nese art on Western culture is* well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Tarenio's Gold: Some 1000 exhibits, of which 250 are of gold or other precious materials, bear witness to the sumptuous way of life in ancient Tarento. Found in tombs, the treasure consists of earrings, bracelets and necklaces, all exquisitely worked by goldsmiths during the *Hellenistic* period. Even everyday objects are stamped with the same high artistic quality, as are delightful clay statuettes. Musée Jacquemart-Andre (4289 0491), closed Mon. Ends Feb 13.

Miniature furniture of the Vendeuvre collection, normally housed in the Château Vendeuvre in Calvados on view in the Louvre des Antiquaires. Some of the exhibits were samples of journeymen's skill, others reduced-scale models to tempt some royal client, others elaborate dolls-house furnishings or expressions of religious fervour. There is some*thing especially appealing in the* small dimensions of a 17th century cupboard in turned wood, of an Italian 18th century chest-of-drawers inlaid with ebony, ivory and tortoise-shell and an Empire armchair in mahagony decorated with bronze laurel-leaves. Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun, ends March 1 (4297 2700).

SPAIN

Madrid, Modern American printmaking, original engravings by 18 US painters showing the resurgence and impact of printmaking in the States. Since the 50s many workshops have contributed to the proliferation of quality works on paper, this show represents the different aspects. Audrey Flack's Fotorealism, *Steven Sorman's abstract non*figurism or Kenneth Hale's Post-Modernism are shown. Achna. San Bernardo 107. Ends Feb 5.

Barcelona, Edvard Munch (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis *is his preoccupation* with themes of life and death (friezes of life). Fundacion la Caiza, Pasudg San Joan 103. Ends March 22.

Madrid, Ben Nicholson (1894-1982): English abstract painter who kept to his idioms with remarkable constancy. His paintings and reliefs are geometrically inspired and derive from the austerer forms of cubism. *His* abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1981. Fundecion Juan March, Castello 77. Ends March 29.

NETHERLANDS

Amsterdam, Van Gogh Museum. The seven Van Gogh sketchbooks have now been reconstructed and are on display for the first time, with the associated drawings and paintings. Ends Feb 8.

NEW YORK

***Metropolitan Museum**: 90 paintings* from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period *working first in an asylum in* Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 85 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

CHICAGO

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

TOKYO

Scenes of Old Tokyo: 48 prints depicting celebrated areas of 19th century Tokyo by renowned artist *Kiyochi*ka Kobayashi, Sanju Shinizu and others. Yushukan Treasury in Yasukuni Shrine. A museum of war memorabilia is also sited in the precincts. Near Kudanshita. Ends Jan 31.

Edo Paintings and Noh Costumes: 22 exquisite works in delightful small museum, part of Okura Hotel. Okura Shukokan Museum. Ends Feb 22. *Closed Mondays.*

Hokusai Landscapes from The Bostom Museum Collection: 100 prints from the 18th century artist Katsushika Hokusai. Tobacco and Salt Museum, Harajuku, set in Tokyo's most fashionable street, a weekend itinerary could also take in the Meiji shrine and gardens, bamboo-shoot street dancers and refreshments at any of the wide variety of elegant cafes. Ends Feb. 8. *Closed Mondays.*

R. A. finds a White Knight

The largest-ever exhibtion of English gothic art will be the highlight of the year at the Royal Academy. Entitled The Age of Chivalry to whet the popular appetite it covers art under the Plantagenets, roughly the period from 1200-1400, and is seen as a successor to the ex*hibition of Romanesque* art held at the Hayward Gallery in 1985. It has the same designer, Paul Williams.

It will be an expensive show to mount, bringing together stained glass windows, illuminated manuscripts, carved ivories, etc but also more momentous works, such as the armour of the Black Prince and the *funeral effigy of Duke Robert* Curthose, from Gloucester Cathedral. An attempt will be made to conjure up a medieval atmosphere.

The exhibition is made possible thanks to a £400,000 guarantee by Lloyds Bank. It is the largest sum that the sponsorship - hungry Royal Academy has ever attracted *from a* single company, and marks a change in strategy by Lloyds away from concentrating its aid on youth arts events and towards one major splash. The Age of Chivalry opens on November 6 and runs to March 6, 1988.

The rest of the year at the RA looks tame in comparison. An exhibition of icons and *frescoes from Greece, including* a recently re-discovered El Greco, opens on March 27 (sponsored by Glaxo) and on May 1 there is a selection *of* ancient near-Eastern jewellery from the Gillian Sackler collection. Old Master drawings from the Woodner collection take up residence from July 24.

Perhaps the major event of the year, apart from the gothic art, is the Summer Show which has become a great commercial success. Last year it attracted around 140,000 visitors, who spent almost £1m on works of art. In all 500,000 people went to the RA in 1985-1986.

This was not enough and the Academy made a loss. The new financial year beginning in October is proving much better, with attendances already up to 250,000, thanks in part to the successful current exhibition of British art in the 20th century. The RA expects to make a profit this year, no little helped by the fact that its £6m appeal has now brought in £5.3m, from which the endowment fund of £4m is producing much needed income.

The RA needs to raise £1.4m to pay its normal outgoings, excluding its exhibitions which are planned to produce a surplus. Attendances produce half that sum, with the rest coming from Friends, sponsors, investment income, etc.

Antony Thorncroft

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Uneasy truce in trade war

POLITICS AND a modicum of common sense brought the US and the EEC back from the brink of a trade war yesterday, when negotiators produced a draft deal aimed at ending their confrontation over lost US grain sales to Spain and Portugal.

But even if the immediate problem over EEC enlargement has been resolved, it is hard not to feel deeply uneasy about the whole affair. As well as almost setting in train a damaging series of tit-for-tat trade measures affecting food exports, it threatened to shatter the fragile consensus surrounding the new round of multilateral trade negotiations launched last September in Uruguay.

Political agreement

Both sides are well aware that the fundamental issues which lay at the heart of the latest dispute—the problems of surplus production capacity and of subsidy—remain as intractable as ever. Without a great deal of tact on both sides (something which has been noticeably lacking in recent months) the chances are that these problems will spill over into further bruising transatlantic battles in the next couple of years.

Yesterday's four-year deal, which now has to be ratified by Washington and by EEC member states, is a face-saver for both sides; it contains elements both of America's insistence on agricultural compensation for the estimated $400m worth of grain sales it lost when Spain and Portugal joined the Community, and of the EEC's wish to compensate the US largely with tariff concessions on processed foods or industrial goods.

It is also quite explicitly a political agreement. There are people — including some senior officials on both sides of the Atlantic — who wanted a full-scale row over maize in order to stake out their positions on the broader trade issues and to head off domestic protectionist pressures. They have been overruled, in part, for the sake of the political relationship between Europe and America.

Running sore

But there is no escaping the fact that the negotiations on maize came perilously close to the edge. Next time, it will be that much more difficult to prevent them falling off.

There can also be little doubt that there will be a next time. A depressing range of trade issues is likely to cause friction between the US and the EEC for the foreseeable future, ranging from public subsidies to Airbus through Europe's ba/ on the use of implanted hormones in meat production to telecommunications procurement and sales of machine tools. Above all, there is the running sore of agricultural surpluses and subsidies, and an escalating battle for market share between America and other agricultural exporters.

For Europe, the lesson is clearer than ever; the Community has absolutely no excuse for dithering about agricultural reform, still less for seeking to increase the level of protection afforded its farmers, as advocated this week by the unreconstructed EEC agricultural lobby. Trying to compensate farmers for internal reforms by raising barriers to imports such as corn gluten or taxing oils and fats would make matters much worse, and any temptation in Brussels to do so should be strongly resisted.

Complex problems

In America, with the balance of payments covered in red ink despite the drop in the dollar, Congressional feeling on trade is running very high indeed, and the Reagan Administration is inexorably hardening its line. The danger, illustrated most vividly by the "maize war," is that the type of megaphone diplomacy which Washington is increasingly adopting could cause any one of these individual disputes to erupt into something much more serious — in the process jeopardising the new Gatt (General Agreement on Tariff and Trade) round which is supposed to tackle the most difficult of them.

Agriculture is necessarily at the centre of these talks; and the excesses of the Common Agricultural Policy will have to loom large in any negotiations on the subject. But the problems are exceedingly complex, and it is foolish for Washington — which is itself far from spotless when it comes to subsidising farmers—to try and force the pace or to pick fights in specific sectors.

By doing so, President Reagan risks blustering away what modest chances for progress there are.

Confronting City failures

HAS THE City of London failed the nation? Has self-regulation in the City broken down? In the highly charged atmosphere of Wednesday's Commons debate on the City neither of these questions was likely to elicit a coherent response. Yet both call for straight answers in the light of the unending stream of revelations about the way in which Guinness and its advisers behaved during the takeover of Distillers last year.

Some senior City figures argue that the chief culprit in the whole affair is Mr Ernest Saunders, the former chairman and chief executive of Guinness. On the basis of the facts that have emerged so far, there can be no doubt that blame attaches to him. But there are wider issues on which the City cannot shuffle off responsibility, which relate to the way in which the whole takeover market operates.

Britain is too dependent on takeovers as a remedy for poor industrial management. It is therefore crucially important that the market in corporate control should not be rigged. By now it is all too clear that the market was throughly manipulated during the Guinness bid for Distillers through secret support operations for the Guinness share price in which supporters in and out of the City were offered informal indemnities or commercial advantage in exchange.

Extreme case

All this raises a huge question mark over the economic efficiency with which control of the British corporate sector is shuffled from one group of owners and managers to another. It also points an accusatory finger at the Takeover Panel, which polices this market on a self-regulatory basis. The question is whether the Guinness affair is on isolated case, as City apologists claim, or whether it highlights the need for widespread reforms, including statutory backing for takeover rules.

Mr Paul Channon, the Secretary of State for Trade, is all for changing the rules and the people; but he remains reluctant to give the panel statutory powers and sanctions. He will resort to statutory regulation, he says, only if practitioners cease to respect the system. Yet that is palpably what is going on.

In the 1970s the chief threat to the Takeover Panel came from the small fry at the fringes of the market, who did not feel a need to identify with the wider City interest. Informal indemnity arrangements were undertaken by secondary banks. Today the threat comes from Morgan Grenfell, a top merchant bank, which is acknowledged to have stretched the panel's rules to the limit in several bids; Guinness was simply the extreme case, as was Morgan Grenfell in the merchant banking fraternity.

Lost flexibility

When the Government comes to discuss the reform of the panel with the City authorities, it will not be short of loopholes crying out for closure. Much of the abuse in the Guinness bid for Distillers could have been avoided if the beneficial owners behind nominee names had been forced into the open. What is also needed is some recognition that today's deregulated capital markets are both more competitive and more international; and that without some statutory support takeover rules cannot work. Practitioners may regret the loss of flexibility — but much of that flexibility has already been lost as the activities of Morgan Grenfell and others have led to excessively legalistic responses to the panel's rules.

The City's failure does not, however, reflect in any way on the new, hybrid form of regulation set out in the Financial Services Act, which has yet to be tested in the market place. The issue has never been about self-regulation versus statutory regulation; merely about where to draw the line between the two.

MR GORBACHEV'S REFORMS

The party's over for the middlemen

By Patrick Cockburn in Moscow

MR MIKHAIL Gorbachev's speech to the Communist Party Central Committee meeting this week marks a break with the past which can only be compared with Mr Nikita Khrushchev's renunciation of the Stalin era in a speech to the party congress in 1956.

Tuesday's address may have lacked some of the drama of Mr Khrushchev's expose of mass murder and torture some 30 years ago; but Mr Gorbachev's denunciation of the incompetence, corruption and autocracy of Mr Leonid Brezhnev's rule from 1964 to 1982 can scarcely be said to have minced words.

Singled out for criticism in the speech were senior officials who "abused their authority, suppressed criticism, sought gain, and some of whom even become accomplices if not organisers of criminal activities"—harsh words for a Central Committee whose 307 members include all the most senior civilian and military officials in the Soviet Union.

Soviet writers, capitalising on the greater freedom of expression permitted under Mr Gorbachev's policy of *glasnost* (*openness*), were quick to draw a parallel with 1956. "History is giving us today a second change and we must not let it slip. We must do everything we can to ensure the shift towards democracy becomes irreversible," wrote Mr Mikhail Shatrov, a distinguished playwright, in this week's issue of the news and cultural magazine Ogonek.

Mr Gorbachev's ability to take advantage of this second chance—and reverse the failure of Mr Krushchev—will lie in his capacity to bring about major changes in the Communist Party itself, the body which monopolises political power in the Soviet Union.

Indeed, it was the announcement of such changes, rather than the Soviet leader's denunciation of the Brezhnev era, which formed the nub of last Tuesday's speech. The proposed changes are aimed at *introducing democracy within the* 19m-strong party and would represent a radical alternation in the Soviet political system. Given the fact that they have Politburo approval, they are almost certain to be implemented at a special party conference called for next year.

Chief mang them was a proposal to introduce secret ballots, with a choice of candidates, in elections for party officials. This would turn party decision-making on its head: replacing the current system which invariably leads to unanimous ratification from below of decisions handed down from above.

The Bolshevik party was created by Lenin in the years before the 1917 revolution as a disciplined body designedw to obey orders from the top.

From the fall of the Tsar to the present it has retained this military style organisation, with party officials appointed and dismissed like military officers.

The current Soviet leader's proposals, however, would break this authoritarian mould —although stopping well short of ending the party's monopoly of power. Nonetheless, elections by secret ballot would probably lead to the departure of many of the conservative middle-ranking party officials whom Mr Gorbachev has said are the main obstacle to political and economic reform.

Changes in the middle leadership would help ensure that the

The Brezhnev old guard has been weakened; now the party machine is under attack

reforms introduced by Mr Gorbachev since coming to power in 1985 are not reversed. The threat that they might be is endlessly debated, as much by foreign observers as by Soviets —many of whom are anxious to avoid appearing too enthusiastic about *glasnost*, lest they find themselves on the wrong side of an altered party line in a few years' time.

"A lot of people have already waited two years in expectation that things will go back to what they were," says Mr Vitaly Korotich, editor of Ogonek, probably the most radical of Soviet publications. But he sees this timidity diminishing: "People are becoming braver, more open, less afraid."

Yet the most important reason for supposing that present reforms will not be reversed is the general recognition among Central Committee members that Mr Brezhnev's method of running the country did not work: the main indices of scientific and technical development, productivity and output show that the Soviet Union fell back compared to the rest of the world during his rule. For all its savagery, Stalinism can claim to have successfully industrialised the Soviet Union and won the war against Germany; Brezhnevism can make no such claims.

It is this belief that the old system has failed which gives real potency to the shift towards democracy and greater tolerance. Mr Gorbachev called last Tuesday for revolutionary measures to put right the wrongs of the past 20 years: "We simply don't have any other choice. We must not *retreat and we do not have anywhere to retreat to.*"

Increasingly, these measures have focussed on politics rather than simply economics: during his first year in power, Mr Gorbachev placed the main emphasis on economic reform. But since last summer he has underlined political change as a precondition for the reform of industry and agriculture.

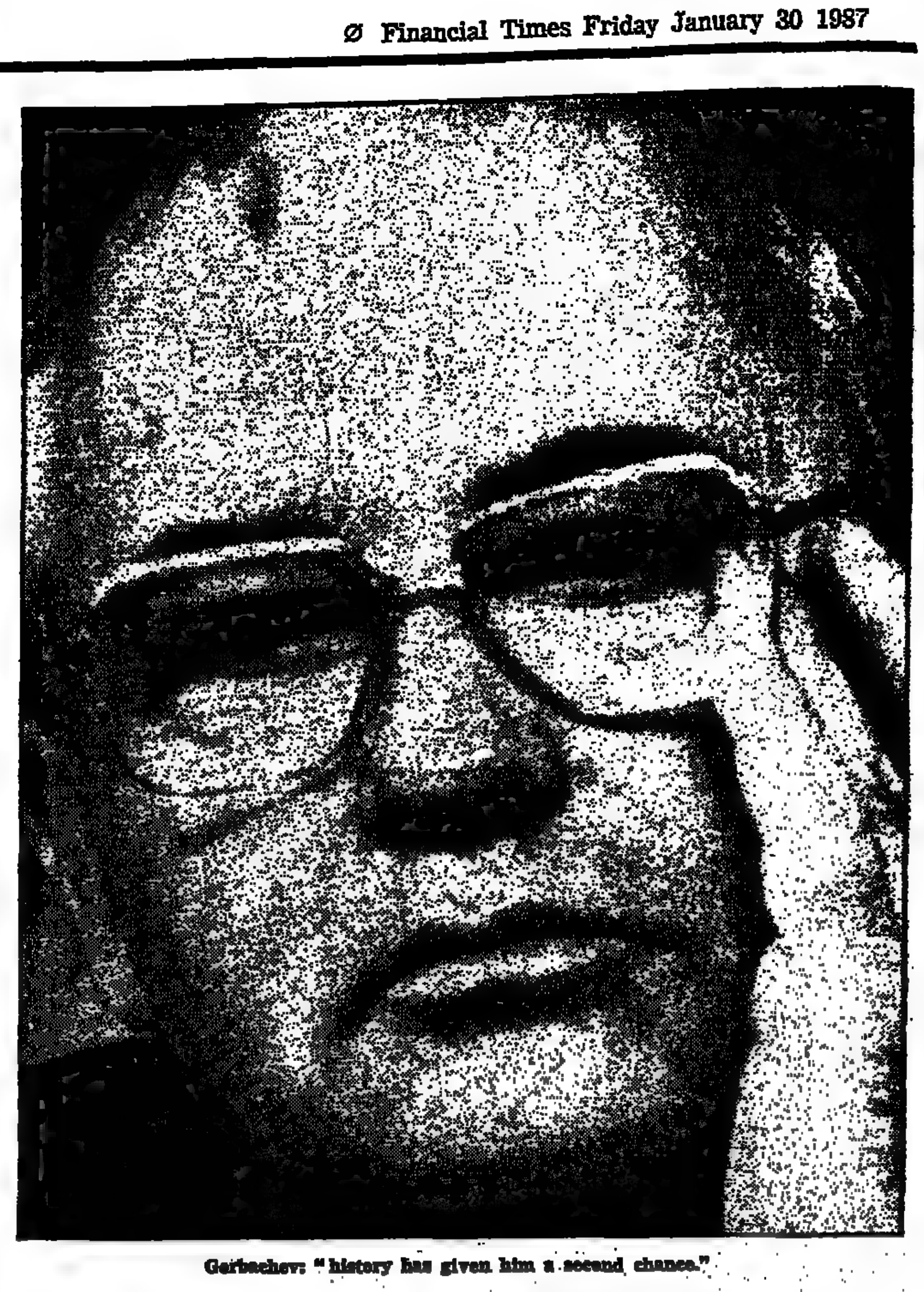
Mr Gorbachev's plans for democratising the political system, if implemented, should help him to answer a criticism sometimes heard within the Soviet Union, and more often outside it—that the reforms so far amount to no more than a "gentrification" of totalitarianism, a cosmetic clean-up of the unchanging face of Soviet communism.

This argument has some force. Reforms are proceeding slowly, often sabotaged by inertia from party and state officials.

In an angry speech last September, Mr Gorbachev expressed his frustration at the delay, describing how, after three years of a new economic experiment at the crucial Ministry of Heavy Machine Building, virtually nothing had changed in its management and organisation.

The problem, according to Dr Roy Medvedev, the dissident Soviet historian, is that the "restructuring has touched the higher ranks of the party but so far has had only a little influence on the work of the middle level." Few at this level are enthusiastic for changes which threaten their status; as they control day-to-day administration, they are in a position to block change by doing nothing.

Dr Medvedev argues that this week's proposals for party elections are perhaps the only way for Mr Gorbechev to combat such local authoritarianism. "He is creating an instrument which will allow the renewal of the middle section of the



Gorbachev: "history has given him a second chance."

party," says Dr Medvedev.

Opposition to reform at the top of the party is far less strong, even though half of the present Central Committee was appointed before the death of Mr Brezhnev in 1982.

One prominent Brezhnev appointee, Mr Dinmukhamed Kunaev, a member of the Politburo since 1971, was retired this week—but this was seen as inevitable after he was fired from his post as head of the party in the Central Asian republic of Kazakhstan in December. He had faced mounting criticism for incompetence and corruption.

Despite the high casualty rate among the Brezhnev old guard over the past year, Mr Vladimir Shcherbitsky, party leader in the Republic of the Ukraine, another close Brezhnev associate, survived. Backed by a loyal party machine and less vulnerable to charges of economic incompetence and personal corruption than some of the other major party bosses, he retained his post

This shows that party conservatives still have some strength at the top; but they pose no real threat to Mr Gorbachev's authority. The threat to his reforms centres rather on the slowness with which economic change is likely to take effect.

Dr Leonid Abalkin, head of the powerful Economics Institute in Moscow and one of the most influential exponents of economic reforms, pointed out this week that the most important of the laws altering the Soviet economic structure are only being introduced this year.

As of this year seven ministries and 36 enterprises have adopted strict cost accounting and are to become self financing. But it will be 1990 before all of industry has changed over to the new system. Not until later this year will changes take effect enabling individuals to work on their own account, or set up co-operatives in the service and small scale manufacturing sectors.

Dr Abalkin believes that while co-operatives and individual labour will probably grow quickly, basic restructuring of industry will only bost growth significantly from the end of the decade.

However, the appointment of more efficient senior managers and efforts to tackle bottlenecks affecting transport and the provision of energy, have already been reflected in strong economic growth in 1986, with national income up 4.1 per cent and industrial output up 4.9 per cent. A good harvest also contributed to this result.

Nonetheless, this still leaves a gap before Mr Gorbachev can make good his promise that improved economic performance will lead to higher living standards. "Harder work is asked of the workers but so far they have received little more pay and they are not allowed to drink vodka," says Dr Medvedev. The same is true of the peasantry while "the most dissatisfied part of society is the party bureaucracy because of the large scale replacement of personnel."

The greatest active support for Mr Gorbachev comes from professionals and technical specialists, and the intelligentsia.

"I was pleased when Sakharov was released because it showed that Gorbachev must really be in control," said one poet when the Soviet Union's best-known dissident was allowed to return from exile last December.

Yet his support from among the media could well prove his most important asset in battling the local party machine. Journalists and other media workers back him much more firmly than the middle reaches of the party bureaucracy and he has relied heavily on them in conflicts with local party leaders.

These are powerful allies. But Mr Gorbachev has *also* been strengthened, as he himself has said over the last year, by the fact that nobody in the Soviet Union has produced any alternative to the policies he advocates. Resistance in the party machine, on the shop floor or in the villages is largely passive. The longer it remains so, the better are the chances that Mr Gorbachev can maintain his initiative until the reforms he advocates begin to bear fruit.

Men and Matters

Late Sizewell team change

Ivor Manley, aged 55, the department of energy civil servant most closely connected with the long-running Sizewell inquiry, is leaving the department just as the government prepares to make its crucial decision whether the pwr nuclear reactor should be built, as recommended this week by the inspector, Sir Frank Layfield.

Manley is transferring with the same rank—deputy secretary—to the department of employment to replace Douglas Smith, who has become chairman of the conciliation service ACAS.

"I am disappointed that I will not be here to see Sizewell through to a decision," says Manley, who has worked hard behind the scenes to boost the public acceptability of nuclear power. "It is never convenient for civil servants to have to move."

A humorous man with a passion for Russian literature he has served under six secretaries of state in his 13 years at energy.

He looks back with some nostalgia to the heady days of 1978 when Labour's Tony Benn, now an implacable foe of the pressurised water reactor, first authorised the Central Electricity Generating Board to explore its possibilities.

Manley's last three years under Peter Walker have been the most tumultuous of his period in the department—marked as they were by the coal strike, the Chernobyl nuclear disaster, and the Sizewell inquiry and report.

At the department of employment he will be covering industrial relations, trade union law, and inner city problems.

"Do the trade figures include all the invisibles paid by Guinness?"

Withdrawn

The abrupt and unannounced resignation this week of Bank of Nova Scotia's vice-chairman, Scott McDonald, points to a gentlemanly power struggle at the top of the most staid of Canada's big six banks.

Scotiabank says that McDonald, in charge of its international and Canadian retail business, has left for unspecified personal reasons after 25 years with the bank. Another factor may be that the other vice-chairman, Peter Godsoe, has recently emerged as the front-runner to succeed the bank's low-profile but respected chairman, Cedric Ritchie, who is due to retire within the next few years.

Godsoe, aged 48, is an assertive and avuncular former accountant and Harvard MBA who currently oversees North American corporate and investment banking, in an area where Scotiabank's strategists have lately shown unexpected flair.

The bank sprang a surprise last November by setting up a Montreal-based securities firm, making it the first Canadian bank to enter the domestic securities business. Scotiabank's move, made possible by a hitherto-untested loophole in the Bank Act and a liberal regulatory climate in Quebec, was a key step in progress towards Canada's Big Bang, due to take place on June 30.

Double portion

There is a native canniness about British Caledonian Airways' latest promotion link with a number of London restaurants. The airline is giving away vouchers which entitle the bearer to a free bottle of wine "when eating a meal for two people or more" in one of the selected restaurants.

High words

Passions are *runing high* in the French Alps. There are still five years to go before the 1992 winter Olympics based at Albertville in French Savoy, but already tempers are waxing among the country's ski elite over plans for the event.

Jean-Claude Killy, the ski champion turned international businessman, yesterday resigned as chairman of the Albertville games organising committee. The hero of the 1968 Grenoble Olympics with three gold medals, had sparked off the row by redrawing the map for the sites of the various winter sports — cutting Menuires in favour of Meribel for the women's ski event, and Tignes in favour of Val d'Isere for the men. He handed in his notice yesterday before a planned meeting with the mayors of the jilted resorts.

Barbed words are now being exchanged between Killy and two other Olympic ski medallists, Marielle Goitschel and Leo Lacroix, over the merits of the rival sites.

The struggle for supremacy on the slopes is now so fierce that the sports minister, Christian Bergelin, had to be called out of yesterday's all-day meeting of government ministers. He will try to mediate in the dispute.

Air worthies

The privatisation of British Airways has not gone unnoticed by the wealthy Brazilian state of Sao Paulo, currently wringing its hands over the poor performance of its airline VASP.

In spite of a seat occupancy rate of nearly 100 per cent—maintained, it is claimed by disillusioned users, by the expedient of leaving numbers of would-be passengers behind in the terminal—the airline tends to find profitability elusive.

Orestes Quercia, the governor-elect of the state, is now thought to be looking at privatization as a means of dodging the bail-out bill. But it seems that some slimming will be needed at VASP before it can be offered to the public.

It is difficult, nevertheless, to *believe the claim by one of* VASP's many critics that the airline employs 3.5 personnel to get just one passenger off the ground.

I consulted a friendly British Airways official. He didn't need to refer to his computer to tell me that, if BA was run at similar manning levels it would need to recruit an extra 100,000 to its current 39,000 work-force to service its 18m passenger flights a year.

His line

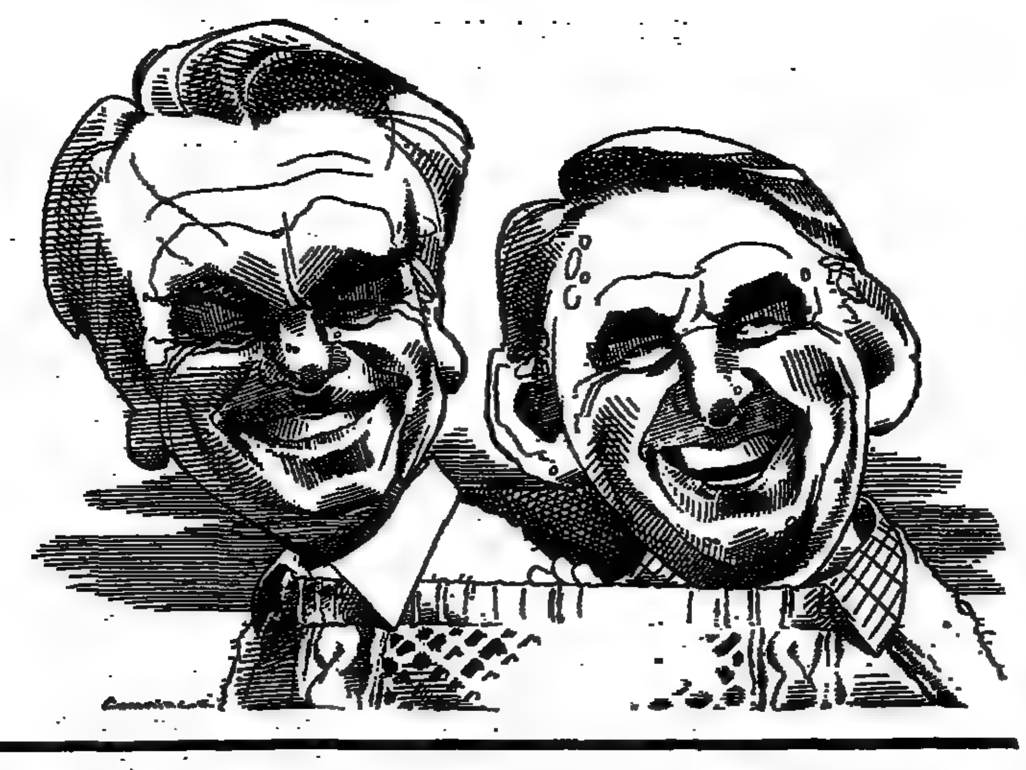
A magazine called Information Security Monitor offered delegates to a CBI seminar yesterday its services in improving computer security. The magazine's directors include a certain Richard F. Hacker.

Observer

Politics Today

Not such a sound Alliance after all

By Malcolm Rutherford



THIS IS the week in which the Alliance has to begin climbing back from the fringe to the forefront of British politics. Ever since the Liberals split on defence policy at their annual assembly in Eastbourne last September, the Alliance has been languishing in the opinion polls at a point—sometimes below 20 per cent—which the Liberal Party used occasionally to be able to reach on its own before the alliance with the Social Democratic Party was formed.

Clearly it is not good enough. The Alliance will thus attempt yet another "relaunch" at the Barbican Centre in London at the weekend.

One's natural inclination is to write that the attempt will at least partially succeed. The third party share of the vote has tended to rise over the years, even if the progression has been more of the three steps forward, two step backwards variety. At the last general election in 1983 the Alliance polled around 26 per cent against some 28 per cent for the Labour Party, although that was not reflected in the number of Parliamentary seats.

On the face of it, there seems no reason to assume that the advance will not continue, especially as the third party has often picked up support as the general election approaches while support for the Labour Party has dropped.

When one thinks about it more closely, however, there are doubts. The Alliance could be extremely vulnerable to attacks from both Labour and the Conservatives on the grounds that it has still not quite worked out what it is meant to be. It was one thing having a small third party (ie, the Liberals) to encourage the others by winning the odd by-election and causing the occasional flurry in the polls. It may be quite another having a third grouping with larger pretensions. Some big guns could be turned on it and the Alliance will have to be prepared to fight back.

Easily the Alliance's weakest point is that it is not nearly as united as it claims to be. That is most obviously true on defence policy where the Alliance has picked up the pieces since the breakdown in Eastbourne, but has done little more than that. The compromise is that the Alliance would be ready to go along with some kind of minimum UK nuclear deterrent as a successor to Polaris if there has been insufficient progress on arms control by the mid-to-late 1990s. Yet already there is a difference: Dr David Owen, the SDP leader, insists that there must be a UK nuclear force, barring an almost inconceivable breakthrough in arms control, while most of the Liberals go along only reluctantly.

There is another practical difficulty. By the time the Alliance is in a position, if it ever is, to have a direct say in defence policy, much of the money on the Trident successor to Polaris will have been spent. It will be easier therefore, and arguably even cheaper, to stick with Trident if Britain is to continue to have nuclear weapons at all. Yet the Alliance policy document "Partnership for Progress,"* published in its final form this week, says categorically that Trident would be cancelled. It is not hard to see the seeds of potential conflict there as Dr Owen decided that Trident was better than nothing while the bulk of the Liberals concluded that it was better to renounce nuclear deterrence altogether.

Cracks could also be found in the Alliance's attitudes to civil nuclear power. The Liberals are on the whole against it. One would expect the Social Democrats, with their managerial approach to technology, to be guardedly in favour. Instead a deal has been done under which the SDP will support the Liberal policy of no more nuclear power stations in the foreseeable future.

After the publication of the Sizewell report this week, the Government is likely to approve the commissioning of at least one new nuclear plant before the general election. Nuclear power will thus be an election issue. It already divides the Labour Party and the trade unions. The best that the Alliance will be able to say is that it has not yet made up its mind about future developments, which is hardly very decisive and perhaps does not represent the natural instincts of the SDP.

The economic policy of the SDP is not all that easy to fathom either. Mr Roy Jenkins, the party's founding father, has returned to the role of economics spokesman. He gave a very eloquent speech to the London Business School last week on his belief in the solubility of economic and political problems. It was called "Why the Alliance is different." One difference that it explained, however implicitly, is that Mr Jenkin's economic policy is not the same as Dr Owen's. Mr Jenkins is still an interventionist at heart, someone who has never quite left the 1960s behind him. He has not undergone Dr Owen's conversion to the social market economy. In the past such divergences would have led to all sorts of arguments; nowadays they tend to slip by almost unnoticed. They could be exploited by anyone not friendly to the Alliance.

Again, the Alliance—perhaps particularly its SDP wing—is not as young as it was. It is five years this week since the publication of the Limehouse Declaration which established the Social Democrats in the first place. Mrs Shirley Williams, one of the original gang of four, described the new grouping as "Britain's last best hope." Nobody quite talks that language any more.

Nor is the SDP as pure as it once seemed. It has had its share of in-fighting, almost indeed as much as the Labour and Tory parties. Dr Owen displaced Mr Jenkins as leader and there was a horrendous internal battle over defence policy in April last year when Dr Owen might have resigned had he not got at least part of his own way over nuclear weapons. At times the inner-party debate seems to resemble that of the Oxford University boat crew. People actually discuss the "old days" and "relics of the Gang of Four."

Perhaps all that is the price of growing up. Having sought to play in the big league, the SDP in particular and the Alliance in general must learn to play by its standards. Those standards are pretty rough and the Alliance is going to have to answer some questions which it has failed to do so far. The first is the one touched on at the beginning of this article: what is the Alliance for?

Put in another way: is the Alliance simply a temporary expedient designed to break the old two (or two-and-a-bit) party system, or is it part of the process of the political realignment that may end up by providing an alternative government to the Tories?

The Liberals have been consistently open about this. Mr David Steel, the present leader, has spent a large part of his political life fighting for realignment or a radical party of the left, as did his mentor, the now Lord Grimond, before him. The formation of the SDP seemed a major step forward. The only question was who would be the senior partner in the new alliance; it was resolved broadly on the basis of equality.

Since then the bulk of the Liberals saw the next logical step as a full merger; so did some of the Social Democrats—including those least in favour with Dr Owen, like Mr Jenkins. Pressure for the merger abated on the entirely practical ground that it would have been too difficult to engineer before a general election. Both parties, for example, would have had to rewrite their constitutions, a process that inevitably takes time.

Yet a reasonable question for an outsider to ask is: what happens when the election is out of the way? Here there is no clear answer. Dr Owen's most ambitious short-term aim is to achieve a hung—or what he calls a "balanced"—Parliament, in which the Alliance would negotiate with the other parties and, as a prerequisite for agreement on anything, would insist on the introduction of proportional representation to end the system whereby the Alliance can win one quarter of the votes yet only one twentieth of the seats.

If Dr Owen achieved his aim, he would hope that the pressure for a merger between the Liberals and the SDP would again be off. The two parties could go their separate ways—for instance, on nuclear weapons—in what would have become a multi-party system.

The Alliance ought to ask itself this weekend whether that is adequate and even whether it was what the Alliance was set up to do. For there is the odd flaw in Dr Owen's approach.

First, the election might not result in a hung Parliament. There might be a substantial overall Tory majority, in which case the opportunity for power-broking would not arise. It may also result in the Liberals doing substantially better than the Social Democrats; indeed given the distribution of constituencies between the partners of the Alliance, that is almost bound to be the case.

Second, there is no evidence known to me that the British electorate does want to move to a multi-party system. Realignment is one thing; the introduction of a Dutch auction approach to politics is quite different. Moreover, the outcome of letting Parliament loose on a Bill for proportional representation would be entirely unpredictable, as anyone who remembers the debates on devolution will attest.

The Alliance's best card, therefore, is to seek to establish itself as a non-socialist alternative government to the Conservatives. That will include endorsing the probability of a merger after an election. It might make a more spirited attack on the Labour Party.

Even that will not be easy. A Labour movement that includes such people as Mr John Smith is not likely simply to fade away after another election defeat. Realignment may still be on, but the Alliance will not necessarily hold all the trumps.

Meanwhile, Mr Neil Kinnock, the Labour leader, will presumably take no notice of advice to encourage tactical voting in an effort to depose Mrs Thatcher. That would be to concede defeat in advance. The Labour Party still has too much to play for, even if it is only to remain the country's second political force.

** The time has come: Partnership for progress. David Owen and David Steel. Weidenfeld paperbacks, £2.95*

Lombard

How not to teach mathematics

By Michael Dixon

IN A NUMERACY test a while ago the 3,000 participants were given the following problem. If you bought five Christmas cards for 65p how much would each card cost you?

The fact that it defeated almost a third of them would be a disappointment if those taking part had been primary-school children, let alone secondary pupils. But they were neither. The participants were a representative cross-section of Britain's adult population.

They did not do much better at a simple subtraction sum. Three in every 10 bungled it. When they were asked about the rate of inflation, 60 per cent did not understand what it was.

In a democracy where political issues tend to be complex, such a lack of numeracy among the voting public is worrying. It also has depressing implications for Britain's hopes of prospering by new technology. There can be no doubt of the importance of the pledges made by ministers and their opposition counterparts to improve schools' teaching of numerate skills.

What is less sure is whether they are right in their view of the problem. They think it is rooted in state schools' shortages of specialist maths teachers, which mean that many children are being taught the subject by people without deep knowledge of it. Hence the remedy is seen as the recruitment of more teachers with high qualifications in the subject.

But blaming the problem on shortages of maths specialists in teaching chimes oddly with a further finding of the tests. A lot of the people who were stumped by the simple sums had been at schools where the subject was taught by graduate mathematicians with years of classroom experience.

In such cases it may be that the numeracy problem arises not because the maths teachers concerned are inexpert in the subject, but because they are too expert to appreciate the difficulties most pupils have in grasping the fundamentals.

That possibility is not only endorsed by my own confusion as one of those pupils. It is supported by my *ad hoc* survey of about 50 other people who left full-time study understanding no mathematics beyond at best basic calculating, and convinced they were incapable of learning more.

Oddly enough, most said they had been good at the subject at primary school. The trouble started when they moved to the secondary stage.

Their accounts of the experience recalled the legendary method of testing National Service conscripts' suitability to join the Guards. They were made to salute, and anyone who failed to do so with fingers, wrist and elbow exactly in line was sent packing as fit only for inferior types of soldiering.

Secondary schools' maths specialists often did much the same to newcomers to algebra. For example, the pupils were confronted with $(a + b)^2$, and those unable to see at once that it equals $a^2 + 2ab + b^2$ were judged mathematically ineducable. The only hope was that their uncomprehending memories could be stuffed with enough formulae and so on to get a poor pass at 16-plus before they dropped the subject for ever.

Another bugbear was geometry. Several people recalled being told to draw a line, which they did with blunt pencils. As a result, the teacher's insistence that a line had length but no breadth contradicted the evidence before their eyes. "When I said my line was different, I was told it didn't matter," one woman added. "Lines had length and no breath and that was it. I thought: I'm not wasting my time learning lies."

If interest-killing incidents like those are as common as my inquiries suggest, it is unlikely that a numerate general public can be achieved simply by ensuring that teachers know more mathematics. A better approach might be to train them in marketing skills, especially the ability to empathise with and cater to the needs of all their young clients and not just the few with a ready aptitude for numbers.

Letters to the Editor

Sinking fund for Sizewell

From Mr S. Scammell.

Sir,—In the context of the Sizewell controversy attention should be drawn to the fact that calculations purporting to show that atomic power is cheaper than power from coal or oil are falsified by the fact that they make an inadequate provision for the cost (at present prices) of demolishing and neutralising the site at the end of its working life (which as now appears would be several times, and perhaps many times, the cost of construction). In then discounting this calculated figure (already inadequate) to allow for the long deferment of the outlay, they discount it at an excessive rate (ie, in line with current fixed-interest rates) that makes no allowance for inflation, whereas the correct rate would be the rate of return given by a long-term Index-linked stock. No allowance is made for the fact that experience has shown that there is a percentage risk on all such plants that closure may be necessary through accident or unforeseen wear-and-tear in a shorter period than its designed life-span, so that the designed life-span should be discounted. Moreover, the index-linked rate applicable is not the rate as of now, but the average rate over the period since we are dealing with an annual sinking-fund. The rate available is higher or lower as inflation is lower or higher. An average inflation-rate over the longer term no worse than 7 per cent per annum, a modest estimate, has in the past been coupled with a return on Index-linked stock of about 2-2½ per cent per annum.

It is significant that it has been stated that this factor is negligible in the calculation *because the expenditure is so* long deferred. Even an inadequate figure would be negligible only if discounted at the wrong rate.

S. E. Scammell.
East Knoyle,
Salisbury, Wilts.

Overtaken by events

From the Chairman, Coalfield Communities Campaign

Sir,—There is no doubt that the Layfield Report is an impressive document — nearly a foot thick and packed with detail, but the fact that it is now so fundamentally out of date cannot be ignored. It has been overtaken by major events, economic and social, which just cannot be overlooked.

The major economic event was the collapse of fossil fuel prices. Coal is now worth £6 per tonne less than its 1981 real price. It is hard to forgive the report's acceptance of the CEGB claim that coal will rise significantly in real price throughout the next 40 years, when it had not done so over the last 40 years. The cost to the nation of neglecting its solid fuel resources will be huge. It will be paid in the form of taxes and will be paid in the form of economic decline in the coalfield communities.

The other major event was Chernobyl. That the Layfield Report does not consider it is understandable. Chernobyl took place more than a year after the enquiry stopped taking evidence.

The Government, however, does not have the same leeway as Sir Frank. Governments, unlike enquiries, cannot stop "taking evidence" when it suits them. Yet all the signs are that as Layfield has approved Sizewell B, the Government will give it the go ahead.

Regrettably for all his labours, Sir Frank Layfield's report was made irrelevant even as he wrote it. Opec destroyed the economic case and Chernobyl the safety case. It is disturbing to find so much credence is given to an out-of-date report simply because the thing is so long.

(Cllr) H. Salt.
(Deputy Leader, Barnsley Council),
1 Pontefract Road,
Barnsley, Yorks

IoM freeport and S Africa

From the Chairman, UN Association of the Isle of Man

Sir,—I read with interest your report (January 23) concerning the approach by the Industrial Development Corporation of South Africa to the Isle of Man's freeport authority and should like to comment.

It is well known that certain aspects of South African Government policy are of considerable UN and international concern which in turn claim the attention of members of the *Island UN Association.* The question of the Island Government's attitude was formally discussed at a meeting and it was made quite clear that it was not policy to initiate or promote formal relationships with the Government of South Africa or its organs.

I should add that the Island UN Association was established with the unanimous support of Tynwald (Parliament) which I feel indicates the seriousness with which the Isle of Man Government approaches its increasingly international involvement.

Charles F. Colvington.
15 St George's Street,
Douglas, IoM

Risk of getting caught

From Mr P. Bennett

Sir,—John Rogaly (Lombard, January 22) is surely mistaken in arguing that the risk of a longer sentence is no deterrent to insider dealing, and that "what matters is the risk of getting caught."

Financial operators should be well versed in the principle of the "expected value" of an investment. By analogy, insider dealers are presumably therefore able to calculate an expected value for the costs of their offence, which includes the product of the probability of detection (viz Mr Rogaly) multiplied by the length of the consequential sentence.

A prison sentence would undoubtedly constitute a significant potential cost for the prosperous market operator. Insider dealers are surely a category of offender which is far more susceptible to deterrent effects than the general prison population. If this is so, the "Ministry for Useless Gestures," whatever its motives, is pursuing a cost-effective policy in this instance.

Paul Bennett.
Brunel University of West London,
Uxbridge, Middlesex.

Licences of right for medicines

From the Campaign Director, Pharmaceutical Licences Under Siege

Sir,—The Association of the British Pharmaceutical Industry (January 14) seems to have got extraordinarily hot under the collar as a result of our efforts to maintain licences of right for pharmaceutical products.

Pharmaceutical Licences Under Siege is arguing that there has been no proper consultation with the independent generic manufacturers, that the costs to the NHS of abolition would be enormous, and that the subsequent increase in the monopoly enjoyed by the multinational drug companies would be against the public interest.

Dr Griffin answers none of these points. The ABPI disputes our calculation that the abolition of licences of right on currently known pharmaceuticals would be £150m-£200m per annum by the early 1990s, but it has not produced any alternative figure. Dr Griffin claims that generic companies *support* abolition, but omits to point out that the vast majority are owned by, or inextricably linked to, the multinationals. PLUS promotes the interests of the genuinely independent *generic* manufacturing companies.

The 1977 Patents Act was a compromise: it extended patent protection from 16 years to 20, and as compensation, required licences of right to be granted for years 17 to 20 for patents already in existence. All patents after 1978 enjoy 20 years' protection. Now the ABPI is demanding that the modest competition created by licences of right for old patents should be eliminated and retrospective windfall profits granted to its multinational members, most of whom have been the top performers on the world's stock exchanges through the 1980s.

Richard Faulkner,
10 Melton Street NW1.

Running an account

From Mr A Horne

Sir,—Mr Ward (January 19) considers me a man of obvious affluence. Would that it were so. It would be disingenuous of me not to assure him that affluence is a state to which I can only aspire to have *a little familiarity*! Clearly though the PR blandishments of Mr Ward's bank manager have persuaded him that the £50 he pays for his gold card is not a bank charge. *I find it difficult* to see what else it could be!

A little homework I think would show that one only has to keep a bank account in credit to avoid all bank charges irrespective of the number of transactions applied to it. With a basic knowledge of anticipated credits and debits to an account it ought to be possible to establish the optimum starting balance so that charges *can* be avoided over a relevant charging period. Interest paid by the banks on current accounts is not, of course, unduly generous but I venture to suggest that for the great majority, if not for Mr Ward, a few minutes spent in planning the management of one's account would result in the only cost being that of interest and or gains/losses foregone as a result of having surplus funds parked idly in a current account. Need that necessarily be more than the cost of a gold card? I doubt it.

Andrew J. Horne.
Flat 3,
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FINANCIAL TIMES
Friday January 30 1987

Aquino faces test in dealing with dissidents

Marcos comeback caper ends in farce

BY OUR FOREIGN STAFF

FORMER President Ferdinand Marcos and Imelda, his wife and the ex-First Lady of the Philippines, were back in their Honolulu home yesterday *with a large pile of* army surplus following the failure of an almost farcical attempt by the couple to stage a dramatic come-back.

As President Corazon Aquino attempted to deal with the much more serious consequences of the affair in Manila where she ordered retired General Rafel Ileto, the Defence Minister, to court-martial the military officers involved details emerged of the Marcos's grand plan. It was described by the Philippine consul-general in Hawaii as "an impossible caper from the very beginning."

Mrs Imelda Marcos, renowned for her enormous collection of high fashion shoes when she was First Lady went on a shopping spree in Hawaii for combat fatigues and jungle boots shortly before the abortive coup attempt in Manila on Tuesday.

Her husband, the former President, and their entourage clearly knew in advance that dissident elements in the Philippines armed forces were planning to take over military and broadcasting installations as a prelude to toppling President Corazon Aquino before she had a chance to put her plans for a new constitution to the public in a referendum on Monday.

A Lebanese businessman thought to be a friend of Mr Adnan Khashoggi, the wealthy Saudi Arabian businessman who is a long-standing friend of the Marcos family, chartered a Boeing 707 jet from Pan Aviation, based Miami.

While the Boeing stood by at Honolulu airport, Mr and Mrs Marcos disappeared from their estate although Mrs Marcos surfaced briefly at an army surplus store to buy about $2,000 worth of fatigues, boots, jeans and belts in different sizes.

Mr Marcos admitted yesterday that he had told the US Government he wanted to return home, but claimed he had been told he would *be physically prevented from boarding* any plane bound for the Philippines. He said the camouflage gear and boots were bought for the family's house guards.

While Mr: Marcos was buying the gear, Marcos supporters within the Philippines were preparing for the triumphant return of the deposed President and the reunification of both the literal and metaphorical family.

The most bizarre feature of the

Mrs Marcos

planned reunion was the disappearance from hospital in Manila of Mr *Marcos's aged and sick mother*, who was only told last month that her son was in Hawaii and Mrs Aquino was President. She was under protective guard in hospital but her guards were "not around" when she disappeared.

The abject failure of the Marcos bid for a homecoming can have held little triumph for Mrs Aquino, who is now faced with urgent priority of dealing with dissidents.

In a speech soon after the last of 200 rebels surrendered at a television station which they had occupied for 58 hours, she ordered the Justice Minister to charge involved *civilians with rebellion.*

"It was a clear attempt to overthrow the first principle of democracy, which is civilian supremacy, *by those specially charged* with its preservation" Mrs Aquino said.

The 400 rebels who attacked key military and communications installations on Tuesday were turned back at all but the Channel 7 television station. The rebels' leader at the station claimed his men were protesting against an increasing influence of communism in the Government.

The Defence Minister said the results of a military investigation would determine if soldiers were to be court-martialled. He said that *the rebels' claim to be anti-communist* and not against Mrs Aquino's Government, could be mitigating circumstances in a court-martial.

Although the rebellion ended without soldiers having to fire on their colleagues, the potential for a rift between the civilian Government and the military establishment remains.

Mrs Aquino ordered General Fidel Ramos to clear the television station compound on Wednesday, but almost as soon as troops started to launch a tear-gas assault late that night the officer in charge of the operation *General Alexander Aguirre* called off the attack.

Some 70 officers up to the rank of colonel then met General Ramos for over two hours and successfully persuaded him not to use force to end the insurrection.

General Ileto said yesterday that no assault order on the TV stations had been issued apart from the order to use tear gas. Some soldiers surrounding the station had said they would not fire even if they were ordered to do so.

There are signs of serious breaches in military discipline and doubts whether either Mrs Aquino, as Commander-in-Chief, or General Ramos are really in control of the armed forces.

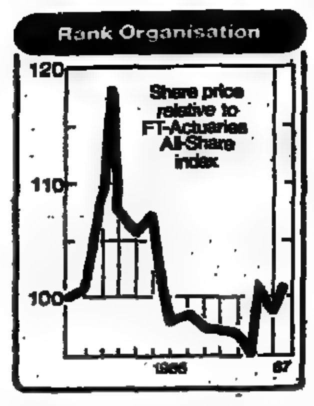
After officers rebelled last July, and swore in an opposition politician alternative Government, and again in November when an alleged coup was unearthed, none of the officers was charged. The Defence Minister has still to reassign all the officers connected to the alleged plot in November.

Government troops in military camps in Manila yesterday remained on top priority 'red alert.'

THE LEX COLUMN

Restored to the middle ranks

There is no denying that Rank Organisation's full year figures were good. They would have been quite good even if Rank had not capitalised *some* interest, restated the comparisons and had some help from acquisitions. With pre-tax profits up more than a fifth of £164.1m, and after the shares gained 21p to 611p yesterday, Rank has almost achieved a market-average multiple.



The post-Granada fall-out in the shares seems largely to have been forgotten, and the City's only concern is that if a big acquisition comes along it should be the right one. Rank may prefer to see its multiple rise yet further before contemplating a major move, and in the market's current mood that may well happen. nearly everything is working in Rank's favour. Its dependence *on UK discretionary* spending is just right when real incomes are racing ahead, and Rank is doing well to make the most of it by reconstructing Butlin's, sprucing up cinemas and encouraging bingo players to play fruit machines too.

Meanwhile, Rank Xerox seems to be thriving on a strong yen, which, with an EEC anti-dumping levy as well, has finally brought price stability, rather than continual declines, to the European copier market. Even though Fuji Xerox is suffering, lower yen profits translate *into higher sterling earnings.*

Investors need not question, just yet, what might go wrong, But the consumer boom cannot last for ever, and some of its markets are as mature as the customers. Banging up prices at Butlin's could backfire. Capitalising interest, though perfectly valid, requires a continued high level of spending. Similarly, the switch from renting to selling *copiers might boost initial profits* at the expense of later years'. It could take some pretty good acquisitions to plug the gaps.

TSB

The ease with which the TSB has beaten a prospectus profits forecast made only two months before its year end is slightly surprising, given the upwards move in interest rates immediately post-flotation. For TSB is that rare bird, a bank which suffers when rates move up. *Not that the market was ever going* to be too exercised about these figures, which were greeted by a 2¼p fall in the share price to 80p; it is waiting to see how the TSB spends its £1.4bn windfall.

The sharp reduction in TSB's growth of retail lending revealed in yesterday's figures shows that the bank is not – thank heavens – letting the money burn a hole in its vault.

But that leaves the main question unanswered. Should the shares of a company with very *subnormal* rates of return be on a large premium to those of the completition? It's a market that likes to say "yes".

Norsk Data

Norsk Data has spent two years defying its own gloomy predictions that 40 per cent-plus compound revenue growth is unsustainable. The 1986 figures, in particular the second half, suggests that growth rates are indeed re-entering the earth's atmosphere; and yet an ungrateful market, which can hardly claim it was not forewarned, has knocked £1 off the share price, leav*ing it on 520% and a scarcely oner*ous multiple of 14.

It is true that pre-tax profits – up 29 per cent at £43.8m – were slightly below expectations and margins slipped a fraction. But despite the problems of the Norwegian economy and heavier than usual development costs Norsk has managed to retain most of its growth momentum. Sales outside Norway grew by 50 per cent – most spectacularly in India and Denmark – and now account for about half total sales and slightly less than half pre-tax profit.

The super-mini-computer market remains buoyant and Norsk's experience of customising for the fragmented European market has given it an edge over much US competition which it should be able to press home with the new range. Higher new product margins combined with a drop in sales growth will soon start producing an avalanche *of cash*, leaving Norsk with the desirable problem of trying to dampen growth so as not to surprise a sceptical market.

BP

The legal breakthrough which now permits *UK companies* to denominate their share capital in more than one currency is of relevance to more than just the banking community. It seems that BP is interested in the implications of the court's ruling.

Like all the oil majors, it is overwhelmingly dependent on dollar earnings. More particularly, BP has over the past year engaged in a US investor relations blitz, with considerable success. Last Easter it gloomily calculated that 99 per cent of its shares were held in the UK. That figure has now been cut down to 95 per cent, with BP ADR's currently trading at about ten times the volume typical before BP directors started their regular shuttle to the US.

But the British Government may soon throw a rather large spanner into BP's plans to internationalise its shareholder base. It plans to sell its remaining stake in the company, which would raise £4.5bn at current prices.

In its previous disposals of BP shares, the Government was true to its political aim of maximising UK equity ownership, and none of the shares went directly overseas. Continued Government faith in the UK investment community – which has kept its BP weighting low enough to leave room for the Government's stock – could damage BP's schedule of having 10 per cent of its shares held outside the UK by the end of the year.

Not that the Government should be swayed by BP's corporate plans. HMG owns the shares and can do whatever it wants with them. But if the net flow of about $1bn of BP's shares to the US over the past year is anything to go by, the Exchequer would get the fattest cheque by selling the lot to the Americans.

Cazenove denies any illegality

By Richard Lambert in London

CAZENOVE, the leading City of London stockbroking firm which has been the subject of intense speculation regarding its role in the *Guinness affair, has strongly* denied any involvement in illegal activities.

The firm said yesterday that intensive investigations into its conduct had produced no evidence that "Cazenove was involved in, or aware of, any illegality."

Cazenove, one of the most secretive as well as the most powerful firms in the City of London, took the unprecedented *step of* releasing a lengthy press release last night in response to recent allegations. It said that claims on Wednesday by *Mr Robin Cook*, the opposition Labour Party's trade spokesman, about a purchase by the firm of 20m Guinness shares were untrue.

It added that "no representative of Cazenove ever participated in, or was aware of, any discussion of illegal activity or any discussion of improper indemnities or inducements to purchasers of shares in Guinness or Distillers."

As joint brokers to Guinness at the time of its hotly contested bid for Distillers, the drinks group, Cazenove advised the company *about stock market aspects of* the deal. Its partner, Mr David Mayhew, was one of the so called "war cabinet" handling the management of the offer.

Cazenove now says that it started an internal investigation as soon as allegations began of wrong-doing in the bid.

The findings were given on Wednesday to the Bank of England, the stock exchange, the City Takeover Panel, and the Department of Trade inspectors

The firm said that it had not bought shares for Mr Ivan Boesky, the disgraced US share trader, although it had *sold* Guinness shares on his behalf after the bid. It had not dealt for Henry Ansbacher, the merchant bank involved in a disputed deal in Guinness shares, or for the firms named recently by Guinness *as recipients* of £25m ($38.4m) in fees which may have been connected with the illicit share buying activity.

Nor had it bought shares in Guinness during the bid on behalf of Bank Leu, the Swiss bank involved in the biggest of the apparently illicit transactions.

The statement added that Mr David Mayhew's future with the firm was not in doubt, and never had been.

Japan to launch compact disc copying system amid protests

BY CARLA RAPOPORT IN TOKYO, DAVID THOMAS IN LONDON AND LAURA RAUN IN AMSTERDAM

THE JAPANESE electronics industry is about to launch a new audio system despite objections from the international music industry that the system will threaten its survival.

The system, called digital audio tape, allows copying of very high quality from compact discs. The music industry thinks its copyright income will be undermined by consumers copying compact discs without paying royalties.

Japan has recently offered the European Commission a package of measures, including technology transfer and inward investment, in a bid to defuse opposition in Europe to the new sound system.

But European hardware manu*facturers have deepened divisions* with the Japanese by lodging a complaint with the European Commission that the Japanese are dumping compact disc players in Europe.

Aiwa said this week that it intended to launch digital audio tape machines in Japan by March in time for the traditional Japanese consumer spree in the spring.

Toshiba said it would begin selling the machines in May. The other companies' intentions are expected to be revealed in the next few weeks.

Both Toshiba and Aiwa are proposing a small concession to the music industry in the form of a copyguard system which would prevent perfect recording from compact disc to digital audio tape. JVC also said it would use this system.

Consumers taping at home would have to use a conventional amplifier to make a digital audio tape from a *compact disc, thereby causing* some loss of quality. However, Japanese executives would not say how serious this loss would be.

The international music industry will reject this concession as totally inadequate and demand urgent action from the European Commission and the US Government on its proposal for digital audio tape machines to be fitted with a spoiler to prevent any copying.

However, opinion within the European Commission is moving against this proposal.

Representatives of Japan's Ministry of International Trade and Industry and Japan's electronics industry recently presented a package of proposals to Commission officials designed to sweeten the introduction of digital audio tape.

The package included technology transfer and the creation of jobs and investment in Europe. The Commission is trying to clarify what is on offer.

The Commission will also shortly decide whether to start an anti-dumping investigation of Japanese *imports of compact disc players*, sales of which began to take off last year.

Philips of the Netherlands, which claims about one quarter of the world market, together with Bang & Olufsen of Denmark and Grundig of West Germany, which is controlled by Philips, have told the Commission that Japanese companies are selling the players in Europe for as little as half their price in Japan.

US may impose sanctions on Japan for breach of chip deal

BY IAN RODGER IN TOKYO

THE US is considering new sanctions against Japan unless alleged violations of last year's semiconductor agreement between the two countries are stopped in the next two months.

Mr Bruce Smart, the US Under-Secretary of Commerce for International Trade, who is in Tokyo leading a delegation of US officials for talks on trade issues, said yesterday that the US hoped that Japan's Ministry of International Trade and Industry could "correct two deficiencies" in the agreement within "a very short time."

These were access to Japanese markets for US semiconductor companies and alleged dumping by Japanese companies in third markets. Mr Smart said that the US had provided detailed evidence of dumping by Japanese semiconductor makers in third country markets since the signing of the agreement last September, but "MITI has apparently been *unwilling or unable – I cannot* tell which – to fully implement Japan's side of the agreement."

Japanese Foreign Ministry officials replied later that the US evidence was checked and could not be confirmed. They said that they had provided evidence of their own, apparently suggesting that US companies were dumping chips, but they emphasised that it was difficult to identify who was doing the dumping or even to prove that dumping was happening. They also suggested it was hasty to judge a five-year agreement only a few months after it had been put into effect.

Mr Michael Smith, the deputy US Trade Representative, said that it would be too late if the Japanese waited until April 1.

The US side was also upset about the lack of progress on the *supercomputer* issue. It claimed that US companies did not have fair access to Japan's public sector markets, mainly universities, for supercomputers.

Mr Smart said there was no common ground between the two sides in the discussions, and the Japanese *suggested* that US companies were unlikely to be competitive in that sector anyway.

Foreign Ministry officials later explained that universities liked to buy a package of super and general purpose computers from a single supplier, such as Hitachi, NEC or IBM, and would often provide research services in return for price discounts. Thus, it was difficult for supercomputer specialists, such as Cray of the US. to compete in this market.

Mr Smart was more positive about the results of talks on the Kansai airport project and telecommunications. Attempts to open the airport project to foreign contractors were yielding some results.

"Though the jury is still out, I believe the Kansai situation has improved. American companies have been given small orders. An informative seminar has been held."

On telecommunications, he said the discussions were "useful and informative. We hope they will lead to continued opening of markets."

US companies are involved in consortia bidding for licenses to operate *as international telecommunications carrier* and to operate cellular radio services, but there is strong opposition to foreign involvement in both cases.

Broker named in Kott link

By Clive Wolman in London

INVESTORS Discount Brokerage, a controversial licensed dealer based in the City of London, is the firm which has been denounced by Mr Dale Campbell-Savours, *the Labour MP*, in the House of Commons yesterday and on Wednesday.

The firm is now owned by Mr Tony Rushford and his wife. Mr Rushford is a former British diplomat, constitutional law specialist *and Attorney-General in Grenada's* interim administration, who has been working with the firm for more than a year.

Mr Irving Kott, a convicted Canadian securities fraudster, has been intimately connected with IDB, *at least until three months* ago. Companies linked to Mr Kott are estimated to have made profits of about £100m ($153m) over the last three years by using a telephones sales force based in Amsterdam to sell shares of negligible value to small investors in the UK and elsewhere at massively inflacted prices.

Mr Kott, whose car was once blown up in an underworld battle in Montreal, has now shifted his operations to Panama, according to two independent employees of Interpool, the international police organisation. All his former "hit-list" of customers is now stored there on computer. Mr Kott was closely involved with the management of a Luxembourg company, Alya Holding, which owned IDB until Mr Rushford bought it in October. Alya also owned *First Commerce* Securities, the largest of the Amsterdam share-pushing operations, which was closed down by the Dutch authorities last spring.

Mr Kott left much of the day-today management of First Commerce to his son, Mr Michael Kott, who has continued a close business relationship with Mr Rushford and IDB. Mr Rushford said yesterday that he frequently trades securities with Mr Michael Kott, who is working for Greentree Securities, an official market-maker with Nasdaq, the US automated securities exchange.

Mr Rushford said yesterday that he maintained close contacts with Department of Trade and Industry officials and had not been informed about a pending investigation. The DTI has been criticised by Mr Campbell-Savours for its slowness in investigating IDB. However, the DTI may have had difficulty in gathering sufficient evidence to act against IDB.

The usual approach of First Commerce and other Kott-linked companies has been to buy up shares in venture capital companies, long before they have sold any products. A *highly trained telephone sales force* then persuades less sophisticated small investors to buy the shares at mark-ups of typically several thousand per cent.

IDB has followed a less aggressive strategy. Many of its salesmen sold shares *in a California* biotechnology company, InFerGene, and assured investors that the shares would soon be quoted on Nasdaq. However, none of the shares sold by First Commerce or IDB has received a Nasdaq quotation, which has been limited *to a different* category of shares.

IDB, which has sold the shares to investors at prices *ranging from* 85p to over £3, now offers to buy them back at only 50p.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	14	57	Dubrovnik	F	13	55	Malta	S	19	66	Rhodes	F	18	64
Algiers	S	18	66	Edinburgh	C	2	36	Manchester	S	4	39	Rio de J'o	C	27	80
Amsterdam	S	1	34	Faro	R	13	55	Manila	S	30	86	Rome	C	16	61
Athens	S	21	70	Florence	C	14	57	Melbourne	S	21	70	Salzburg	F	-1	30
Bahrain	S	20	68	Frankfurt	F	-2	28	Mexico City	S	26	79	San Francisco	R	14	58
Bangkok	S	31	88	Funchal	S	20	68	Miami	S	21	70	Seoul	C	6	43
Barcelona	—	—	—	Geneva	C	2	36	Milan	Fg	2	36	Singapore	R	27	81
Beirut	S	18	65	Gibraltar	C	15	59	Montreal	C	-5	23	Stockholm	S	15	59
Belfast	C	3	37	Glasgow	C	1	34	Moscow	S	-23	-9	Strasbourg	S	0	32
Belgrade	C	0	32	Guernsey	S	4	39	Munich	F	-3	27	Sydney	S	28	82
Berlin	C	-7	19	Helsinki	S	-18	0	Nairobi	F	27	81	Taipei	S	22	72
Biarritz	C	11	52	H. Kong	C	18	64	Naples	C	15	59	Tangier	C	16	61
Bombay	S	32	90	Innsbruck	C	1	34	Nassau	S	21	70	Tel Aviv	S	17	63
Bordeaux	C	9	48	Inverness	C	3	37	New Delhi	S	21	70	Tenerife	—	—	—
Brussels	S	1	34	Islamabad	R	24	75	New York	S	-1	31	Tokyo	S	12	54
Budapest	S	1	34	Istanbul	S	14	57	Nice	C	14	57	Toronto	Sn	-3	27
B. Aires	S	37	99	Jakarta	R	29	84	Nicosia	C	18	64	Tunis	F	18	66
Cairo	S	21	70	Jersey	S	3	37	Oporto	C	12	54	Valencia	—	—	—
Cape Town	S	21	70	Jo'burg	S	26	79	Oslo	S	-13	9	Venice	S	7	45
Caracas	R	26	79	Lima	C	26	79	Paris	S	1	34	Vienna	F	-2	28
Casablanca	C	17	63	Lisbon	F	12	54	Peking	S	5	41	Warsaw	S	-15	5
Chicago	C	2	36	London	S	5	41	Prague	F	-5	23	Washington	—	—	—
Cologne	S	-1	30	Los Angeles	R	19	67	Reykjavik	C	3	37	Zurich	S	-1	30
Copenhagen	S	-11	12	Luxembourg	F	-1	30								
Corfu	F	16	61	Madrid	R	12	54								
Dallas	—	—	—	Majorca	—	—	—								
Dublin	C	4	39	Malaga	F	14	57								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Khashoggi protection

Continued from Page 1

$78.9m to a Triad America subsidiary to construct an alcohol fuel plant in Louisiana. If the plant, in New Iberia, is unable to start production as scheduled this spring, the Department of Energy may face repaying 90 per cent of the loan to the bank creditors.

The main creditors of Triad are two insurance companies, Aetna Life and Travelers Insurance, as well as several contractors and banks in Salt Lake City which are financing the development of the Triad Center, a $400m complex of offices, shops and a hotel in the Utah state capital. Work has stopped on the project.

Triad America is being sued for some $150m. The Chapter 11 filing said that the company had total assets of $118.4m and liabilities of $51m. Last summer, Triad America sought to satisfy creditors by trying to sell off its main cash-producing asset, Edgington Oil, a refinery in Long Beach, California.

However, creditors secured an injunction against the sale in Salt Lake City when the successful bidder, Skyhigh Resources of Vancouver, turned out to be partly owned by Mr Khashoggi. Creditors also claimed that the stock in Edgington is encumbered by pledges to two banks *in return* for loans to Triad America.

Edgington and Triad America have also guaranteed $6.5m in working capital for Agrifuels Refining, the Triad America company

FINANCIAL TIMES
Friday January 30 1987

Dutch group's flat earnings

Akzo hit by weak dollar

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres group, reported virtually flat earnings of Fl 840m ($442m) in 1986 compared with Fl 843m the year before as the disadvantages of a weaker dollar offset the advantages of cheaper oil.

Profits were also under pressure from the high start-up costs of Akzo's new super strong fibre Twaron. Lower financing charges kept net income from falling more.

Turnover dropped 13 per cent to Fl 15.6bn from Fl 18bn due to the weaker dollar, divestments and lower selling prices. Synthetic fibre sales fell mostly due to the disposal of American Enka while the chemicals division suffered from the softer dollar and sluggish salt sales.

Akzo had previously forecast that earnings for this year would approximately match those of 1986, barring unforeseen setbacks such as a further sharp fall in the dollar. The company has sought in the past to put a good face on its 1986 results by noting that profits have grown rapidly in recent years and that some slowdown was to be expected.

The specific launch costs of Twaron were not disclosed but Akzo said before it had earmarked about Fl 1bn to cover initial production costs. The Arnhem company is also waging a lengthy and costly legal battle against Du Pont of the US over patent rights to its aramid fibre, called Kevlar.

Operating income was slack at Fl 1.46bn compared with Fl 1.465bn. In synthetic fibres, chemicals, coatings and pharmaceuticals operating income was unchanged to lower. Only consumer products and miscellaneous products were higher.

Mr A. Loudon, president of Akzo, recently said the company would continue to look for new acquisitions with vigour this year. For some time now Akzo has been in the market to buy companies in targeted fields such as speciality chemicals, speciality coatings and advanced fibres.

An unchanged dividend of Fl 8.80 was declared for 1986.

Dow Chemical shows strong year-end rise

BY ANATOLE KALETSKY IN NEW YORK

Paul Oreffice, Dow Chemical chairman ... 'strong business'

DOW CHEMICAL, the second largest US chemical maker, announced net profits increased 10 times to $741m or $3.81 a share on slightly reduced sales of $11.5bn.

The jump in last year's profits, which compared with a net of only $58m or 31 cents in 1985, was partly due to a pre-tax charge of $592m taken in the fourth quarter of 1985 to reflect asset write-offs and a voluntary redundancy programme for employees.

However, the underlying performance of the business was also positive, reflecting the strong recovery in the US chemicals sector. The quarterly comparison showed net earnings of $169m or 88 cents a share in the last quarter of 1986 against a loss of $314m or $1.64 a share the year before due to the restructuring charge.

Fourth-quarter sales were unchanged at $2.9bn in both the 1985 and 1986 periods. For the year as a whole sales fell by 1 per cent to $11.4bn in 1986. The decline in sales was due entirely to lower resale prices for naphtha and other feedstocks.

All segments of the company performed well and "business was strong in all parts of the world," said Mr Paul Orrefice, Dow's chairman. Both volume and prices increased for most products, particularly for basic chemicals and plastics.

Among the specialised divisions, Merrell Dow pharmaceuticals did especially well, recording a 32 per cent increase in global sales and a doubling in operating income.

"Increased demand and a tightening of supply arising from restructuring in the chemical industry supported improved profit margins and we expect these factors to continue to have a positive influence in 1987," Mr Orrefice said.

Rothschild shows little profit in first year

By Roderick Oram in New York

HEAVY LOSSES on arbitrage and municipal bond trading pushed L.F. Rothschild, Unterberg and Towbin into the red in the fourth quarter and left the Wall Street securities house with minimal profit for the full year.

Mr Robert Schoenthal, co-chief executive, said the arbitrage losses stemmed from the sharp fall in prices of many takeover stocks after Mr Ivan Boesky admitted to insider trading.

The losses, with those in municipal bond trading, were the main cause of a pre-tax loss of $12.4m in the fourth quarter of 1986.

In addition, the company had extraordinary costs of $7.2m relating to its move to new offices and $3m in severance payments to Mr Thomas Unterberg and Mr Robert Towbin, its former chairman and vice-chairman.

They agreed in December to leave the firm after disagreeing with colleagues' strategy of wider development of trading operations.

A tax credit of $7.2m left the firm with a net loss for the quarter of $15.4m, or 95 cents a share against a net profit of $7.2m, or 51 cents a year earlier. Revenues slipped to $92.5m from $95.7m because of a downturn in investment banking fees.

Net profit for the full year was $500,000, or 3 cents a share, on revenues of $401.1m compared with $22.3m or $1.59 on $317.3m a year earlier.

Expenses increased 41 per cent during the year, reflecting staff expansion when the firm went public last March and the start up costs of new businesses.

The company, in which J. Rothschild Holdings of the UK has an 8 per cent stake, plans to change its name in May to L.F. Rothschild Holdings.

AT&T posts $1bn loss in quarter after charge

BY OUR NEW YORK STAFF

AMERICAN Telephone & Telegraph's net profit fell to only $139m or 5 cents a share in 1986, compared with $1.56bn or $1.37 the year before, reflecting the big charge of $3.2bn announced just before Christmas.

In the fourth quarter of 1986, when most of the charge was taken, AT&T posted a net loss of $1.17bn or $1.11 a share, against a profit of $384m, or 32 cents, reported a year earlier.

The $3.2bn in special charges, which were connected with cuts in AT&T's workforce, restructuring of its businesses and changes in its method of depreciation accounting, translated into an after-tax cost $1.7bn. Without the charges, AT&T said its net income in 1986 would have been about $1.84bn, or $1.64 a share.

Revenues fell marginally last year to $34.1bn from $34.4bn in 1985. The decrease was mainly a result of weak markets for business products and a continuing decline in rental revenues. Sales of services increased 9.8 per cent to $19.1bn, net of the access charges which AT&T pays to local telephone companies.

Although sales of products were generally weak, declining 9.4 per cent to $10.2bn, AT&T noted that sales of its ESS digital switches had continued to perform strongly, with 8.2m customer lines shipped in 1986, an increase of almost 26 per cent over the 1985 volume.

Mr James Olsen, chairman, concluded that the company's earnings from operations were "essentially flat" in 1986. He called this a "mixed" result, pointing out that AT&T's costs were still too high.

The company's top priority now was to improve earnings, and "to do this in ways that fundamentally strengthen the business for the long pull."

The company's research and development expenses had risen by 2.2 per cent last year, to $2.28bn, AT&T noted.

However, the apparent increase was due to a change in the method of accounting for software development costs, which reduced reported R&D expenditures by $161m in 1985.

Dumez launches bid for Westburne

BY BERNARD SIMON IN TORONTO AND GEORGE GRAHAM IN PARIS

DUMEZ INVESTMENT, a holding company in which Dumez, the French construction and consulting group, has a 70 per cent stake, yesterday launched a C$234m (US$175m) takeover bid for Westburne International Industries of Calgary.

Westburne's interests include oil exploration, contract drilling and distribution of plumbing, heating and electrical goods.

Dumez Investment said that it would offer C$20 cash for each Westburne share. The French company and its associates already own about 20 per cent of Westburne's shares. The bid is being made in co-operation with Unicorp Canada, an aggressive Toronto-based investment group, which owns 30 per cent of Dumez Investment.

Westburne has been in the middle of a complex takeover struggle for some time, negotiating with three different suitors. Talks with Dumez for the sale of Westburne's 94 per cent-owned plumbing, heating and construction supplies subsidiary, United Westburne Industries, collapsed earlier this month.

Westburne posted earnings of C$4.9m in the six months to last September 30 on revenues of C$723m.

Georg Fischer sees further growth

BY JOHN WICKS IN ZURICH

GEORG FISCHER, the Swiss steel and engineering concern, expects a further increase in group earnings for 1986.

In 1985 consolidated profits rose from SFr 5m to SFr 25m ($17.8m) and the parent company was able to resume dividend payments.

Although demand weakened towards the end of last year, Georg Fischer reported a rise in turnover by 4 per cent to SFr 2bn. The expected growth rate of 8 per cent was undercut by the unfavourable exchange rates.

The value of new orders last year was about the same as the SFr 2.1bn booked for 1985. The board was confident about future prospects. Potentially damaging, however, was the further rise in the Swiss franc and D-Mark and "protectionist trends in important sales markets." Productivity needed to improve in 1987 and some SFr 130m will be centred on rationalisation measures. The investment total is well up on the 1986 figure of Sfr 100m.

Fermenta seeks debt deal

By Kevin Done in Stockholm

FERMENTA, the beleaguered Swedish chemicals and antibiotics group, is seeking to reschedule SKr 1 to SKr 1.5bn ($155m) of short-term debts with its main Swedish banks.

The company is seeking a package of long-term loans to relieve the immediate pressure on its liquidity, which could become acute towards the end of next month, when the first of the short-term debt falls due for repayment.

The banks taking part in the rescheduling negotiations include Svenska Handelsbanken, PKbanken, Götabanken and Nordbanken.

The group confirmed yesterday at a shareholders meeting that it is now facing a loss of up to SKr 136m for 1986 (before allocations and tax) following the collapse of the planned sale of its US agrochemicals operations – Fermenta Plant Protection – to Monsanto, the US chemicals company.

As late as the end of October last year the company was still forecasting a profit for 1986 of SKr 1.5bn, but this has evaporated following the disclosure of far-reaching irregularities in its accounts.

The investigator, who will be selected by the Stockholm county authorities, will report to the Fermenta shareholders meeting in early June, and his report will play an important role in deciding whether shareholders are willing to adopt the report and accounts for 1986.

Fermenta, which was struck off the Stockholm Stock Exchange earlier this month, is facing a criminal investiation for suspected accounting fraud and the prevous board is facing damages claims from scores of small shareholders

Xerox up in quarter despite downturn in core business

BY RODERICK ORAM IN NEW YORK

XEROX yesterday reported higher earnings from continuing operations last year with a strong rebound by financial services more than offsetting a sharp downturn in its core business of manufacturing copying machines.

In the fourth quarter ended December 31, net profits from continuing operations rose 22 per cent to $138m, or $1.29 a share, from $114m, or $1.06, a year earlier. Including discontinued operations, the net was $87m against $158m. Revenues rose 10 per cent to $3.7bn from $3.3bn.

For the full year, net from continuing operations rose 28 per cent to $488m, or $4.52 a share, from $381m, or $3.47, a year earlier. Including discontinued operations and extraordinary gains, the final net was $465m against $475m in 1985. Revenues were up 11 per cent at $12.9bn compared with $11.7bn.

Financial services contributed $228m to the group's net income last year against $30m a year earlier due mainly to a sharp turnround by its Crum & Forster insurance operations. Crum & Forster benefited from higher prices, tighter underwriting standards, better expense control and higher investment income.

Business products and systems had net income from continuing operations of $260m in 1986 against $351m a year earlier, mainly because "capital spending for business equipment weakened in the US and fared only slightly better overseas," the company said.

Xerox is forecasting further earnings growth this year thanks to "a strong product line and sharper marketing focus in business products and systems and continued strength in financial services."

Newmont Mining cuts losses in quarter

BY OUR FINANCIAL STAFF

NEWMONT MINING, the US natural resources group in which London's Consolidated Gold Fields has a 26 per cent stake, has reduced its fourth-quarter losses compared with the year-ago period, despite an after-tax charge of $50.3m.

The company suffered a $41.3m loss, or $1.35 a share, in last year's fourth quarter, compared with a loss of $62.2m, or $2.04, a year ago. The 1985 result included a $56.5m provision for losses on properties and investments.

For 1986 as a whole the company returned sharply to profit, at $75.4m, or $2.48 a share, against a loss of $34.8m, or $1.14, in 1985.

Towards the end of last year the company spun off about 80 per cent of its Magma Copper subsidiary to shareholders as a special dividend. It also increased its stake in Peabody, America's largest coal company to 61.47 per cent from 30.73 per cent for $320m.

The company's 95 per cent owned gold mining and exploration subsidiary Newmont Gold, reported sharply higher profits and sales in the fourth quarter and in the year as a whole. Gold reserves climbed 40 per cent.

Fourth-quarter profits were $14.3m against $4.0m in 1985 on sales of $51.5m ($28.7m). For the whole of 1986 profits were $40.8m against 1985's figure of $14.6m while sales more than doubled from $68.7m to $174.5m last year.

Newmont said it planned to increase production this year by more than 20 per cent.

● Echo Bay Mines, the Canadian mining group, reported higher fourth-quarter profits at C$9.0m (US$6.7m) against C$5.2m with revenues up to C$46.4m (C$22.7m a year earlier.)

For the year earnings totalled C$25.9m, or 61 cents a share, on revenues of $126.1m against 1985's C$15.2m, or 38 cents a share, on revenues of C$83.8m. The company attributed the improvement to higher gold prices and a 21 per cent increase in gold production.

The company said it expected gold production to increase by 50 per cent this year with a "significant impact" on earnings assuming a steady gold price.

Elkem falls into loss

By Our Financial Staff

ELKEM, the Norwegian metals, mining and manufacturing group, has fallen heavily into the red for 1986 and will not pay a dividend.

The company, which saw profits halved in 1985 and was forced to cut its dividend to NKr 7.50 a share, reports a preliminary loss of NKr 260m ($37.7m) for last year, against a net profit of NKr 306m in the previous year.

Demand for group profits has been weak but Elkem has also been hit by heavy tax charges. It stresses that its charges for electricity taxes represented 72 per cent of the year's deficit.

Elkem said its trading background had remained depressed with static or declining demand for silicon and ferro-alloy products. As a result the group suffered a substantial loss of income.

Typical prices for these products have fallen about 30 per cent during the past two years.

Demand was better balanced in the aluminium market, although prices remained low. The finished product and mineral division achieved what Elkem describes as satisfactory results.

The trading upheaval of the past couple of years forced Elkem to take a hard look at costs. It has reduced operating costs at its ferro-alloy operations by around NKr 350m on an annual basis. The measures will be felt fully in the current year.

Group turnover last year totalled NKr 7.4bn, against NKr 8.2bn for 1985. Capital spending last year came to NKr 1.6bn.

Westinghouse to cancel TV deal

WESTINGHOUSE Electric, the US electrical products group, intends to terminate its agreement for the proposed $313m purchase of television station KHJ-TV, Channel 9, in Los Angeles, from GenCorp, the US tyre group.

The agreement, entered into a year ago, allowed for termination if initial Federal Communications Commission approval for the transaction was not obtained by Saturday.

The complicated FCC approval process was delayed by a number of challenges to the RKO broadcasting licenses, Westinghouse said.

FIAT/IRI-STET NEGOTIATIONS IN FINAL PHASE

Telettra/Italtel merger deal near

BY ALAN FRIEDMAN IN MILAN

AN AGREEMENT between Italy's IRI-Stet state holding group and Fiat on the merger of their respective telecommunications equipment subsidiaries is understood to be near.

Negotiations on the merger, which would put Stet's Italtel and Fiat's Telettra together under the umbrella of Telit, a holding company, is now entering its final phase and an accord is likely some time early next month.

The idea of merging Italy's leading state and private sector telecommunications equipment companies, which has been under discussion for more than a year, seems finally set to materialise.

The merger, which would see Stet and Fiat each holding 48 per cent of Telit and the remaining 4 per cent to be held by a state bank such as Crediop, is part of a larger strategy designed to rationalise key Italian industrial sectors in order to become more competitive internationally.

The merger would bring together Italtel, the state company which draws the bulk of its L1,300bn ($1bn) of annual turnover from domestic switching, and Telettra, the Fiat subsidiary which earns around half of its L500bn of annual revenues from the sale of digital transmission equipment in the European market.

Accountants Arthur Andersen and Price Waterhouse have been evaluating the two companies, which are believed, in rough terms, to place a value of around L400bn on Telettra and twice as much on Italtel.

At a meeting expected next week between Mr Cesare Romiti, Fiat group managing director, and Mr Giuliano Graziosi, managing director of Stet, the two are likely to discuss how much Fiat is to compensate the state group in order to achieve shareholding parity in the merged company.

It is thought that the amount to be paid by Fiat could range from L150bn and L200bn, equivalent to around half of the difference in value between Telettra and Italtel.

Once Telit has been formed the Italians are expected to begin negotiations with a series of potential foreign partners in the telecommunications sector. The hope is to find a foreign ally and form a joint venture which will reach the kind of critical mass needed to be competitive on the global market.

Among the companies the Italians are expected to contact are Ericsson, Northern Telecom, GEC and Plessey.

INTERNATIONAL COMPANIES and FINANCE

Norsk Data earnings rise to NKr 468m

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

NORSK DATA, the Norwegian minicomputer manufacturer, increased its profits before allocations and tax by 29 per cent last year to NKr 468m ($67.8m) from NKr 364m in 1985, according to preliminary estimates.

Group turnover rose 37 per cent to NKr 2.58bn from NKr 1.88bn a year earlier with the strongest growth in the UK and Denmark.

Norsk Data's rate of growth has slowed, however, compared with its own record over the past five years, when turnover increased on average by 43 per cent a year, pre-tax profits 61 per cent a year and earnings per share 42 per cent a year.

Norsk Data, however, claimed for the fourth year running to have one of the highest profit margins in the international minicomputer industry, with an operating profit margin in 1986 of 15.8 per cent.

The group said it had succeeded in gaining significant market shares both in Norway and abroad despite the modest growth internationally in the computer industry.

Sales in Norway grew 20 per cent despite a growth in the whole domestic market of only 10 per cent.

Sales outside Norway grew 46 per cent and new orders booked abroad rose 51 per cent. Overall new orders booked last year increased 29 per cent to NKr 2.9bn of which new orders for computer systems and computer equipment rose 20 per cent to NKr 1.95bn.

Norsk Data has made two acquisitions during the past year – Infologic, a Norwegian software house, and Data Inform of Denmark, which it controls through a shareholder agreement. These two acquisitions accounted for NKr 107m of last year's sales increase and added NKr 4m to prex-tax profits.

Norsk Data has expanded rapidly during the past 12 months with its workforce growing 29 per cent or more than 800 to 3,618.

The group said it had expanded its research and development operations, as well as end-user oriented marketing activities.

Restructured Union Carbide returns to year-end profit

BY ANATOLE KALETSKY IN NEW YORK

UNION CARBIDE, the US chemicals company which has been undergoing financial restructuring in the wake of the Bhopal disaster in India and the subsequent corporate raid by Mr Samuel Heyman's GAF Corporation, reported net income of $496m, or $4.78 a share, last year after a loss of $581m or $2.78 a share in 1985. In the fourth quarter of 1986, the company had a loss of $495m or $4.77 a share, compared with a loss of $210m or $1.03 a year earlier.

All the results reported by Union Carbide in the last two years have been significantly affected by special charges and credits, as well as by the $2.5bn debt burden temporarily assumed in January 1986 as a defence against GAF's advances.

This debt is now being paid off in a recapitalisation exercise involving asset disposals, medium-term borrowings and a $500m common stock issues.

The $495m loss in the last quarter was due to a $473m extraordinary item arising from the repurchase of long-term debt at a premium as part of the recapitalisation programme. It also includes $30m in losses from discontinued operations and charges for business disposls.

In the full year net income of $496m these negative factors were more than offset by $564m gain from the sale of businesses at above book value and a further $270m credit.

Union Carbide said that income from continuing operations in 1986 was $130m or $1.90 a share compared with a profit of $119m or 57 cents a share when the 1985 figures are adjusted for unusual charges and other special gains and losses. Even these, however, figures are partly misleading because of the jump in interest payments, from $133m to $543m, between 1985 and 1986.

McDonald's advances on lower margins

By Our New York Staff

McDONALD'S, the world's largest chain of fast-food restaurants, yesterday reported a 10 per cent increase in fourth-quarter earnings to $113.6m, or 89 cents a share, despite a slight deterioration in profit margins caused by rising costs of labour and restaurant sites.

Earnings for the year rose 11 per cent to $479.7m or $3.73 a share.

Earnings lagged behind the growth in sales revenues, which was 11 per cent for the quarter to $1.09bn and 13 per cent to $4.24bn in the year with strong expansion outside the US.

Overseas revenues rose 28 per cent to $767.4m in the quarter, and 34 per cent to $2.90bn in the full year, due in part to currency translations and new restaurant openings.

Mr Fred Turner, chairman, said: "We are optimistic about 1987 and expect it to be a good year." He said the company would open about 500 new restaurants, a third of them abroad, to its current level of 9,410.

McDonald's said that profit margins slipped by 0.8 of a percentage point at restaurants operated by the company, and one percentage point at franchised outlets, because higher labour, rent and depreciation costs offset lower food and paper prices.

However, after-tax income was helped by tax benefits at some foreign operations and McDonald's, which is a considerable beneficiary of the recent tax reform, expects its domestic tax rate to fall.

Revenues for the entire McDonald's system, including franchised and affiliated restaurants, rose 13 per cent to $12.4bn.

Texaco bolstered by special gains

BY OUR NEW YORK STAFF

TEXACO, one of the more heavily indebted US oil majors, earned $50m or 21 cents a share, on revenues of $7.8bn in its fourth quarter after crediting $140m of foreign currency gains and other special items.

Mr James Kinnear, who took over as chief executive at the beginning of January, says that the fourth-quarter earnings, which compare with net income of $307m, or $1.29 a share, in the final quarter of 1985, reflected conditions affecting the industry worldwide. Increasing crude oil acquisition costs during the final three months of 1986 were not recovered in the product market and, as a result, downstream margins eroded.

The group, whose future continues to be overshadowed by the $11.1bn law suit with Pennzoil relating to Texaco's acquisition of Getty Oil, earned $275m, or $3.01 a share, in 1986 compared with $1.23bn, or $5.11 a share, in 1985. Texaco shares, which are currently yielding 7.8 per cent, fell by $⅝ to $38⅞.

"The year 1986 was a difficult one for the petroleum industry due to the sudden and acute decline in worldwide crude oil and product prices. All aspects of the business had to be revalued under such changing circumstances. The recent firming of oil prices provides a basis for some cautious optimism that there will be a more stable marketplace in 1987," said Mr Kinnear.

The group had foreign currency gains of $130m in 1986 compared with $28m in 1985. Fourth-quarter 1986 earnings benefited from $46m of gains on sales of assets.

Phillips Petroleum, the large independent oil producer, suffered a sharp reversal in fourth-quarter net profits from continuing operations to $17m, or 5 cents a share, from $266m, or $1.14 a year earlier. Revenues fell sharply from $3.91bn to $2.38bn.

The figures exclude a loss from discontinued operations of $6m in 1986, and of $171m in the year-earlier period. For the year, final net profits were $228m, or 89 cents a share, against $418m, or $1.44, while revenues dropped from $15.8bn to $10bn.

Boliden may cut jobs over emission rules

BY SARA WEBB, STOCKHOLM CORRESPONDENT

BOLIDEN, the Swedish metals, chemicals and mining group, says it will have to cut back jobs and production levels in its metals and mining sector if it is forced to meet environmental standards.

According to new legislation, Boliden must reduce the sulphur dioxide emission from its Roennskaer smelter by 50 per cent before the end of 1992. Boliden claims that, at existing production levels, this would cost about SKr 400m ($62.7m). It says that in its present financial predicament it cannot afford to make such an investment.

The Roennskaer smelter, which produces lead, copper, gold and silver, releases about 10,000 tonnes of sulphur dioxide a year. Boliden has already appealed against the Government's decision. But says it does not expect a change in the legislation.

The group is now looking at other ways of reducing the emission through cuts in production levels and – inevitably – jobs. A final decision is expected this summer.

Boliden's new management, which was brought in last summer to put the ailing group back on its feet, has already set in motion a number of cost-cutting measures. About 1,500 jobs were cut, including 500 at Roennskaer.

Losses in the first nine months last year reached SKr 987m as Boliden was badly hit by lower metals prices and the falling dollar. However, the management says that Boliden could show a profit of SKr 250m this year as the measures take effect.

Earlier this month, Boliden said that it would pull out of PBB, its lead-smelting joint venture with Preussag in West Germany, rather than invest in a new smelter which would meet the legislation on sulphur dioxide emission.

Buitoni buys control of olive oil maker

BY ALAN FRIEDMAN IN MILAN

BUITONI, the Italian pasta and chocolates group controlled by Mr Carlo de Benedetti, is paying L30bn ($23.6m) to acquire majority control of Olio Sasso, one of Italy's leading manufacturers of olive oil.

An aide to Mr de Benedetti also said yesterday that Buitoni was interested in possibly acquiring control of Cote d'Or, the Belgian luxury chocolates maker. Buitoni controls Perugina, the Italian luxury chocolates business.

The takeover of 69 per cent of the equity of the family-owned Olio Sasso marks another stage in the expansion of Mr de Benedetti's food holdings.

Olio Sasso, based in Imperia on the Ligurian coast near France, last year had L 100bn turnover, of which about 25 per cent came from outside Italy. The US, Saudi Arabia and Australia figure prominently among the company's export markets.

Aside from olive oil, where Olio Sasso has a 12 per cent share of the domestic Italian market, the company also produces vingegar, mayonnaise and sauces.

The Buitoni group, which is hoping to expand this year in France and by means of further acquisitions of European food businesses, last year had a total turnover of L 1,600bn. About 60 per cent of Buitoni's group revenues came from outside Italy.

Spanish bank ahead almost 15% for year

By David White in Madrid

BANCO Popular Espanol, the smallest of Spain's "big seven" private-sector banks and the one considered closest to being a "pure" commercial bank, showed an improvement of almost 15 per cent in net profit last year to Pta 12.2bn ($96m) compared with Pta 10.6bn in 1985.

Consolidated results of the Popular group produced a net profit of Pta 22.4bn. This was not comparable with the previous year's figure of Pta 12.5bn because it included five regional banks for the first time.

Until recently the regional banks were controlled by an independent holding unit, Popularinsa. Popular held only a minority stake. The bank recently announced plans for absorbing its affiliates, altering an arrangement set up during the Franco regime as protection against the effects of possible bank nationalisation.

The parent bank, which attributed its earnings gain principally to a reduction in financial costs, increased lending by 12 per cent to Pta 435bn last year. Customers' deposits rose almost 10 per cent to Pta 809bn.

N. AMERICAN QUARTERLIES

AMP
Electrical equipment

Fourth quarter	1986	1985
	$	$
Revenue	[illegible]	418m
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

BAKER INTERNATIONAL
Oil drilling tools

First quarter	1986-87	1985-86
	$	$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

MACLEAN HUNTER
Publishing

Fourth quarter	1986	1985
	C$	C$
Revenue	[illegible]	[illegible]
Opt. net profits	[illegible]	[illegible]
Opt. net per share	[illegible]	[illegible]
Year		
Revenue	[illegible]	[illegible]
Op. net profits	[illegible]	[illegible]
Op. net per share	[illegible]	[illegible]

MARSH AND McLENNAN
Insurance broker

Fourth quarter	1986	1985
	$	$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

MEAD
Pulp & paper

Fourth quarter	1986	1985
	$	$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	0.42
Year		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	2.62

PANHANDLE EASTERN
Gas transmission

Fourth quarter	1986	1985
	$	$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	44.1m
Net per share	[illegible]	0.90
Year		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	126m
Net per share	[illegible]	2.31

SCHERING PLOUGH
Drugs & toiletries

Fourth quarter	1986	1985
	$	$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

SHELL CANADA
Petroleum

Fourth quarter	1986	1985
	C$	C$
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

INTERNATIONAL COMPANIES and FINANCE

Steven Butler on attempts to internationalise a much-restored stock exchange

Brokers in tug of war for Singapore

A LITTLE over a year ago, the Stock Exchange of Singapore crashed, buckled, and then closed its doors for three days to clean up the mess.

The closure of the exchange in December 1985 — which was aimed at protecting exposed broking houses after the collapse of Pan-Electric Industries — horrified the community of international stock traders who found they could not close out their positions at any price. This in turn raised grave questions about how the market was managed.

Today the exchange is emerging from the crisis as a far different sort of animal. New foreign and domestic players are buying into local broking houses or purchasing seats on the exchange. A new stock exchange committee is in place and it is dominated for the first time by non-members of the exchange.

The committee faces key questions that will determine how quickly equity trading in Singapore will become truly internationalised. Heading the list of issues are when foreign brokers will be allowed to take majority control of local securities houses, and when and how commissions will be deregulated.

The crisis in the exchange brought into unusually clear focus the conflicts of interest between exchange members, investors, and the broader public that are present in any market. After a year of ferment it is now evident that the interests of the broader public, as defined by the powerful Monetary Authority of Singapore (MAS), are gradually winning the tug of war.

The MAS first attempted to assert its authority over the exchange in early 1985, but this was bitterly resisted by brokers who were enjoying a boom in the market based on what turned out to be dangerously leveraged buying. When the bubble burst in late November, the exchange members lost nearly all the bargaining power they once had.

A package of measures was worked out by the MAS, in which Singapore's big four banks took seats on the exchange in return for funding a "lifeboat" that would prevent the collapse of broking houses from knock-on effects of the crash. Even so, seven out of the exchange's 25 members eventually went under.

It was a baptism by fire for the MAS, which had earned a reputation as a stern, rigid and aloof regulator of the financial system. It had little experience in the stock market.

A new securities industry law was hastily drafted. Most brokers say the law is severely flawed, mainly because of the potential liabilities that brokers face if they give bad advice. MAS officials say these are merely teething problems, and that once brokers become accustomed to the rules the normal work of conducting research and giving advice will pick up.

Beyond this, the legislation imposed stiff new capital and liquidity requirements that come into effect this year. These are forcing brokers, many of whom are heavily indebted, to raise fresh funds.

Hoare Govett was the first foreign broker to gain final SES approval for taking a large share in a local broker, Summit Securities, in which it now holds a 49 per cent stake. When rules allow, Hoare Govett plans to take majority control.

Deak Morgan, an Australian financial services group, this week said it had secured a similar deal with K. H. Lim and Associates, while Morgan Grenfell (Asia) has applied to take a stake in Su E-min, and other deals are at the talking stage.

Local institutions have also joined the fray, including the Tat Lee Bank, and Sealion Hotel, chaired by Mr Allan Ng, which has bought the seat of bankrupt E. G. Tan. Last year Sealion was forced to sell the Hyatt Hotel, its main asset, in order to pay debts and was left with a pile of cash.

Despite the weakened position of brokers, the tug of war with

Mr J. Y. Pillay — publicly criticised decision.

the MAS did not end with the market crash, and Mr J. Y. Pillay, the authority's managing director, has occasionally gone public with pressure on the stockbroking community to change its ways.

The brokers, understandably, are afraid of being overwhelmed in direct competition with huge international securities houses, and this has raised the question of whether the development of the exchange will be held back by the private interests of its member firms.

In July, the Hong Kong broker Sun Hung Kai applied to the exchange committee to take a controlling interest in City Securities, which was in severe financial difficulty and has since gone into liquidation. The committee instead set a 49 per cent cap on foreign ownership in a move that one banker describes as a "slap in the face" for the MAS.

Mr Pillay publicly criticised the decision soon afterwards and said he favoured full foreign participation at the earliest date.

Mr Pillay provided another firm nudge in November, at the inauguration of the new Stock Exchange Committee, when he said he favoured introducing negotiated commissions to prevent the exchange becoming a "backwater."

"The rapid development of capital markets worldwide, coupled with the hitherto inward-looking tradition of the SES, calls for radical changes," he said.

Currently the market suffers from a severe lack of liquidity in which brokers have tremendous difficulty executing large orders. At the same time large blocks of Singapore shares are often traded off-market overseas.

The idea behind proposed reforms is that if foreign brokers participate more fully in the market, and negotiated commissions are introduced, the incentives to take trades away from Singapore will disappear, liquidity and trading volumes will improve, and the market will be set firmly on a path of growth so that it will be able to compete internationally.

This in turn will complement Singapore's growth into an all-purpose financial supermarket.

Standing against this, however, are the local brokers, many of whom are financially weak, if not crippled, and who are content to go along earning a secure one per cent commission, and not have to pit their relatively undeveloped research and market-making skills against foreign rivals.

The denouement should come in April, when the exchange committee must submit plans, "to the satisfaction of the MAS," for majority foreign equity participation in local brokers and for the introduction of negotiated commissions.

A majority of local brokers is known to oppose any early lifting of the 49 per cent limit and until the committee makes some decision, investment in local brokers by both foreign and local companies is likely to be slow. In the mean time talk has increased about the introduction of a sliding scale of commissions as a first step toward negotiated commissions.

The SES has also been meeting with the US National Association of Securities Dealers (NASD) to discuss trading Nasdaq issues in Singapore. This would effectively introduce 24-hour trading in some shares although it is not clear how much local demand would materialise.

The outcome on all these issues will depend on the delicate interplay between the brokers, the MAS and the new exchange committee.

The committee now has its first full-time executive chairman, Mr Tan Chok Kian, who came to the job from a long career as head of Singapore's Post Office Savings Bank and as chief executive officer of the Central Provident Fund Board which oversees the management of billions of dollars of pension funds.

These positions put Mr Tan on to the board of the MAS for many years, also this close relationship with the authority, combined with his strong reputation many believe, will ensure that the parochial interests of the exchange members will not be allowed to dominate the future of stock trading in Singapore.

Regulators under fire over Siam City affair

Peter Ungphakorn examines the reactions to the Bank of Thailand's handling of problems at one of the country's sixteen commercial banks

ONE OF the casualties of the troubles at Siam City Bank, ranked about ninth out of Thailand's 16 commercial banks, could be the credibility of the central bank itself.

Although under severe criticism for his handling of the affair, Mr Kamchorn Sathirakul, governor of the Bank of Thailand, retains key support among Thailand's top bankers.

The public reacted with calm to the announcement earlier this month that the value of Siam City's capital would be cut by 95 per cent from 800m baht ($30.77m) to 40m baht, that new shares would be issued worth 1,500m baht, and that ultimately new controlling shareholders and new management would be found to pull the bank out of the problems caused by an estimated 3,000m baht in bad debts.

The central bank's refusal to allow banks to collapse apparently preserved depositors' confidence. But the Bank of Thailand did ask the 15 other Thai commercial banks to prepare cash just in case Siam City's depositors panicked. In the event there was no panic at any of the 99 branches.

Rescue packages imposed in the past few years on two other banks—Asia Trust Bank, now Sayam Bank, and First Bangkok City Bank—and as many as 25 finance companies have also left the public with a feeling of deja vu.

There have been complaints from Siam City's shareholders, some of whom accuse the controlling Mahadumrongkul family of poor management, which took the market value of their shares from as high as 390 baht to just 5 baht under the Bank of Thailand's order.

Among the disgruntled minority shareholders is Mr Boonchu Rojanasathien, a leading opposition politician. Mr Boonchu was once a senior executive of Bangkok Bank, the largest Thai bank, before he entered politics, and eventually deputy prime minister for economic affairs.

In 1982, when the Mahadumrongkuls took over the bank, they invited Mr Boonchu to be its chairman. Earlier the bank had been run on the compradore (agent) system instead of having proper branches, and problems with doubtful debts from that system still remain. In 1985 Mr Boonchu resigned, accusing the family of worsening the problems and demanding central bank action. Although the Bank of Thailand made public moves towards the end of last year, Mr Kamchorn said he had been keeping a quiet eye on Siam City.

The precise nature of Siam City Bank's problems has yet to emerge, apart from the estimates of bad debts. There has been no indication so far that these were related to any improper lending of the sort that led the top executives of the Asia Trust and First Bangkok City banks to flee arrest—lending to their own interests and breaking foreign exchange regulations. The Thai Bankers Association has urged the central bank to reveal more.

The central bank governor has come under fire on two fronts. Some politicians and newspaper columnists accuse him of being too hard on the Mahadumrongkul family. There are also allegations that the family has actively lobbied to promote these criticisms.

The Mahadumrongkuls wanted more time to solve the bank's problems on their own. Mr Kamchorn allowed several deadlines to pass—but not the 45 days they sought—before the rescue measures were ordered.

He had asked Siam City to increase its capital by 1bn baht by December 31. Siam City only managed 107m baht, arguing that the three months given was insufficient. They were given several days more to provide evidence that the capital could be raised, but they failed.

Those postponed deadlines and alleged inaction since Mr Boonchu resigned in 1985 have led others to accuse Mr Kamchorn of weakness. Mr Kamchorn was appointed by Mr Sommai Hoontrakool, the former finance minister, who had quarrelled with and fired Mr Kamchorn's predecessor. Although Mr Kamchorn's abilities have been the subject of debate, he is defended by some bank executives. They argue that he trod a delicate balance between firmness and being prepared to listen, and that the final outcome proves he was right.

Group profits tumble 60% at Minebea

By Yoko Shibata in Tokyo

MINEBEA, Japan's largest maker of ball bearings, suffered a 60.4 per cent fall in consolidated net profits to Y1.24bn ($8.18m) in the year to September, on turnover which at Y145.3bn was down 6.2 per cent.

The poor showing was blamed on the yen's appreciation and falling prices for its products. Other contributing factors were sluggish demand from electronic equipment makers, a large capital outlay and a Y2.4bn loss suffered by Minebea in the US.

For the current year, Minebea expects group pre-tax profits to jump 84.4 per cent to Y9.2bn and net profits up 2.7 times to Y3.3bn. Turnover is forecast to reach Y150bn, up 3.2 per cent.

City Resources makes disposal

By Our Financial Staff

CITY RESOURCES, an Australian company which recently bought gold exploration interests from Esso Australia, has defrayed most of the estimated A$86m (US$56.8m) cost by placing its 15.3 per cent stake in Elders Resources with institutions.

Elders Resources, the energy associate of Mr John Elliott's Elders IXL, is to retain its 9.7 per cent holding in City. Yesterday's Elders closing price of A$1.75 values the parcel at A$57.9m.

Paribas grey market beset by fears

BY GEORGE GRAHAM IN PARIS

THE GREY market has rarely been greyer than for the shares of Paribas, the French banking group whose offer for sale ends tomorrow.

Besides all the usual uncertainties associated with quoting a price for shares that no-one yet possesses, the grey or unofficial market in Paribas shares has been beset by fears of the anger of the French Treasury, backed up by implicit threats of prison sentences.

Prices were back on Reuter dealing screens yesterday, after a black-out earlier in the week, when market makers were dealt an official rap on the knuckles.

The confusion has been particularly embarassing for the Government since the Paribas privatisation was the first occasion on which a share has been widely traded on the grey market in Paris.

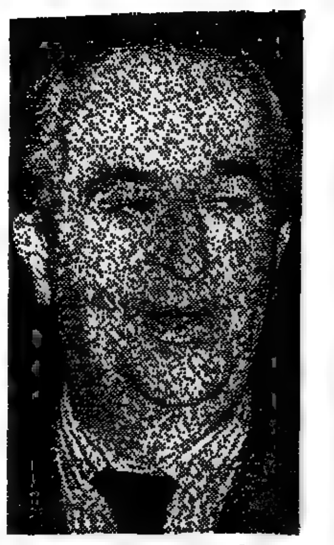
Grey market dealings in bonds have been widespread, but for share offers such as the privatisation of Saint Gobain at the end of last year, Paris has mostly made way for London market makers.

In addition to such London securities firms as Savory Milln and Greenwell Montagu, French banks such as Banque Louis Dreyfus and one French stockbroker, Nivard Flornoy, have also been making a price for Paribas shares.

Grey market dealings are always a source of irritation to governments engaged in a privatisation exercise and the French Treasury intervened before the opening of the Paribas offer for sale to ban such dealings.

Bankers involved in the Paribus privatisation say that grey market prices are not at all representative, since with no stock available, market makers have to post unrealistically high bid prices in order to build up their position.

Only buyers are to be seen and it takes a brave dealer to sell short a new issue when he knows that he is likely to receive only a handful of shares from the offer to balance his position.



Mr Edouard Balladur—slow to lift ban

A law enacted by Marshal Petain's Vichy government in 1942, which carries a prison sentence for quoting a share price before its official quotation, was vaguely hinted at to several dealers.

But Mr Edouard Balladur, France's Finance Minister, admitted on television earlier this week that the Treasury had made a mistake in not lifting this ban once the official offer opened.

Market makers then rushed back into the fray, only for some of them—the members of the underwriting syndicate—to be reined back once again by the Treasury.

The confusion has led to a considerable decline in grey market activity in recent days, though dealers now report a resurgence in orders, mostly buying.

Spreads between buying and selling prices have been variable, with a gap of FFr 9 to FFr 12 common in Paris but a spread as low as FFr 5 posted in London. Yesterday buying quotes ranged from FFr 480 to FFr 486, and selling prices from FFr 492 to FFr 495.

Argentina plans three series of public bonds

By Tim Coone in Buenos Aires

THE ARGENTINE Government is to issue three new series of public bonds during the coming year, valued at Australes 1bn to finance public sector investment. At the same time, restrictions are also to be lifted on private sector companies that wish to issue bonds for investment purposes.

Making the announcements late on Wednesday evening Mr Juan Sourouille, the economy minister, said the measures were aimed at developing a long-term capital market in the country, and at stimulating investment in the private and public sectors.

The new public sector bonds will be denominated in local currency. The differences between the three series lie in the method of calculating adjustments in the value of the bonds to maintain their value against inflation and to take account of future devaluation of the australe.

One of the bonds will be adjusted according to shifts in the value of Argentinian US dollar-denominated bonds, a second will be pegged to local money market interest rates, while the third will take into account official exchange rate adjustments.

The bonds are additional to the new issue of $1.5bn in US dollar-denominated bonds announced earlier this month.

Economic analysts in Argentina say the absence of an effective long-term capital market continues to create serious problems for private sector investment. The new measures do not address the private sector's complaints that high interest rates also inhibit investment, but according to Mr Sourouille they will expand the pool of capital available for long-term investments and make it easier for companies to raise funds in the local market.

Belgian Railways C$ deal aimed mainly at Japan

BY CLARE PEARSON

PRICES OF seasoned Eurodollar bonds rose by between ⅛ and ¼ percentage points yesterday but turnover was still low, with uncertainty over the dollar keeping investors mainly out of the market.

In a quiet new issues market, LTCB International led a C$90m issue for Belgian Railways. Dealers expected the issue to appeal mainly to Japanese investors, who have been keen buyers of Canadian dollar paper, especially for sovereign names, in recent months.

The 8¾ per cent five-year bond was priced at 101⅞ to give an initial yield of around 40 basis points over Canadian government bonds. Grey market trading was thin, as the deal was announced late in the afternoon, but the lead-manager quoted a bid price of 99.50, a discount equivalent to the total fees.

As has been normal for Belgian state and state-backed bonds—but unlike a recent dollar bond for Belgium itself—the deal was issued in registered form.

Elsewhere, Banque Paribas Capital Markets led an A$40m three-year 14½ per cent bond for Landesbank Rheinland-Pfalz, priced at 100¾.

The deal was quoted at levels around the 1½ per cent fees, while other recent Australian dollar bonds were at similar levels.

Trading in the D-Mark domestic market was quiet. Prices of longer-dated bonds eased slightly, although shorter-dated bonds rose by about 0.20 points.

West German Treasury bills and notes, however, were in strong demand from both

INTERNATIONAL BONDS

foreign and domestic investors who are attracted by their relatively high yields. The five-year Treasury note yields about 5.60 per cent at the moment.

In the D-Mark Eurobond market, price changes were mixed. Trinkaus & Burkhardt's recent issue for the Council of Europe, which carries currency warrants designed to appeal to investors who expect a rise in the dollar, was in strong demand.

The bonds carry three-year warrants to purchase $500 at an exchange rate of DM 1.78. The break-even point is DM 1.95.

The lead-manager said the issue was appealing particularly to private investors, who are unable to speculate on the dollar by using the options market. The bond with the warrants was quoted at a bid price of 118¼, compared with an issue price of 116½p.

In Switzerland, volume was slightly lower than in recent days with prices generally unchanged.

Credit Suisse led an equity-linked SFr 200m note issue — in two equal five-year tranches —for Kuraray, the Japanese manufacturer of synthetic fibres. The first tranche was a convertible bond priced at par with an indicated coupon of 1¾ per cent, and the second a five-year equity warrants bond with an indicated 2½ per cent coupon. They will be priced on February 2.

Swiss Bank Corporation led a SFr 150m six-year 4¾ per cent bond for Kubota, the Japanese agricultural machinery company. The deal was priced at 100¼.

Banque Paribas (Suisse) set the terms on a SFr 120m 10-year bond for Power Financial Corporation. The coupon was set at 5 per cent. The deal, priced at 100¼, was quoted at 99¾ bid.

Banque Internationale a Luxembourg led a SFr 300m five-year 7⅛ per cent private placement for Union Bank of Finland. The issue is priced at 99¾.

Bid for big Swedish stockbroker

By Sara Webb in Stockholm

PRONATOR, THE Swedish consultancy group, yesterday made a takeover bid worth about SKr 250m ($38m) for Stockholm Fondkommission, one of the larger brokerages, as part of its plan to expand in the financial services field.

Pronator is offering SKr 2,000 per share to Holding Finance, the Lundberg-controlled company which owns 68 per cent of Stockholm Fondkommission, in a deal valued at SKr 172m.

The remaining shares in the brokerage are owned by the employees and the original founders, who set up the company in 1963.

They have been offered cash and shares in Pronator in exchange for their shares, in an offer worth about SKr 80m and on the condition that they remain with the company.

Holding Finance has until this afternoon to make a decision. However, six of the department heads and traders in Stockholm Fondkommission have already said that they want to go ahead with the deal and have urged Holding Finance to sell its 68 per cent stake.

Rhone Poulenc fundraising soon

BY OUR PARIS STAFF

RHONE POULENC, the French state-controlled chemicals group, hopes to go ahead with its planned fundraising exercise in the first half of March.

The details of the exercise, which will help finance the acquisition of the agricultural chemicals division of Union Carbide, have not yet been fixed, but Rhone Poulenc will ask an extraordinary general meeting of shareholders in mid-February to approve a capital increase of around FFr 2bn ($336m).

The company had been blocked from carrying out the capital increase earlier by the French Government, which did not want it to interfere with the privatisation of Saint-Gobain, the glass and packaging group which was sold to the public at the end of last year.

Saint-Gobain itself will ask its new shareholders to approve a capital increase at its general meeting next month, but the company said yesterday that it had no intention of raising new funds in the near future.

Rhone Poulenc's fund raising poses considerable tactical difficulties for the company. The simplest procedure would be the issue of a further batch of non-voting certificates of investment, but the French Government is wary of this course, since the pricing of the CIs could complicate Rhone Poulenc's eventual privatisation.

EIB to borrow more in Europe

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Investment Bank expects to raise more loans in European currencies and in ecus, and rather less in dollars and yen, during the coming year, Mr Philippe Marchat, the bank's manager for finance, said.

The EIB is now one of the world's principal borrowers, having raised Ecu 6.786bn ($7.7bn) in 1986 in public loan issues, private placings, and interbank operations. That was an increase of more than 19 per cent over the previous year.

Mr Marchat said the bank intended to maintain its position as the largest borrower and lender in ecus, in spite of the downturn in the ecu bond market last year. The EIB has raised Ecu 897m in Ecu-denominated borrowing, thanks latterly to the successful issuing of Ecu-denominated debt on the Japanese market.

Although the doller still headed the list of the currencies raised, accounting for more than 25 per cent of the total, that was down from 33 per cent in 1985, and the trend would continue, Mr Marchat said. He also expected to borrow less in yen, because Europeans were now cautious about taking yen loans from the EIB.

Mr Ernst-Gunther Broder, the president of the bank's management committee (its board of governors consists of the 12 EEC finance ministers) said that the EIB was and would remain "rather conservative in our approach to the capital markets—and we avoid gimmicks."

Brazil to pay creditors of failed banks

By Ivo Dawnay in Salvador

BRAZIL will today begin paying off creditors of two failed banks — Brasilinvest and Auxiliar—after long-contested liquidation terms were finally agreed by senior ministers late on Wednesday.

Similar agreements are expected shortly for two other collapsed banks—Comind and Maisonnave—thereby clearing a serious hurdle to the forthcoming round of talks with international creditors on a new rescheduling agreement for Brazil's US$104bn foreign debt.

Foreign bankers had originally been told by the Brazilian authorities that they could expect no special treatment when the banks failed in 1985. After a protracted dispute, the Central Bank then undertook lengthy negotiations with creditors on winding up the banks.

Comind, Auxiliar and Maisonnave went into liquidation owing some US$450m to foreign banks, while Brasilinvest owed some US$24m. Arguments over the liquidation have centred on how to adjust liabilities for inflation while other disputes concerned the extent of the failed banks' exposures to domestic creditors.

Preliminary reports indicate that Brasilinvest creditors will get back some 82 per cent of their stakes, with remaining liabilities being exchanged for credits in a new institution that will take over the rump of its activities. Terms for Auxiliar are understood to be more generous.

Nestle lifts profits despite lower sales

By William Dullforce in Geneva

NESTLE, the Swiss foods group, has announced a 10 per cent decline in consolidated net sales to SFr 38bn ($24.5bn) in 1986 compared with the previous year. Consolidated net earnings, however, were not expected to be lower than the SFr 1.75bn recorded in 1985, indicating a substantial improvement in return on sales.

The fall in turnover was due entirely to exchange rate changes, Nestle said. The currencies of the main countries where the group operates had depreciated by 27 per cent against the Swiss franc.

Volume growth and the inclusion in the accounts of acquisitions accounted for the fact that the decrease in consolidated sales expressed in Swiss francs was markedly lower than might have been expected from the exchange rate developments in 1986, Nestle said from its group headquarters at Vevey.

One-for-five rights offer from Paragon Resources

BY KENNETH MARSTON, MINING EDITOR

A RENOUNCEABLE rights issue of one new share at 40 cents for every five held has been proposed by Australia's Paragon Resources.

Holders of options — convertible into ordinary shares at a price of 20 cents until the end of 1989 — can qualify for the issue by converting their options in the current quarter.

The new funds will finance the A$15m Temora gold mine in New South Wales which has now started operations — it is expected to produce 45,000 ozs of gold and 60,000 ozs of silver in its first year — together with the acquisition of a 40 per cent beneficial interest in the closed Philippine Eagle gold mine in the Philippines.

Paragon said: "The strong earnings base from Temora, the expected early commencement of production from the Philippines and the clearance of debt, would allow directors to initiate a vigorous dividend paying policy."

Dab pays interim dividend

By Our Mining Editor

DAB INVESTMENTS, the newly formed South African mining invesement company in the Johannesburg Consolidated group, has declared an interim dividend of 42.5 cents (13.5p) a share for the first half of the year to June 30. There was a payment only of 50 cents for the previous full year. Half-year earnings amounted to R2.06m (£853,000), or 45.3 cents per share, compared with R2.27m.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ '90 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	14.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THE PROPERTY MARKET By PAUL CHEESERIGHT

Developers attract more bank funding

Banks have stepped into the finance gap left by pension funds and insurance companies, but investment remains short term

"WHERE do you lend sterling?" the banker asked. It was half an interrogation, half a complaint. The local authority market has dried up. Many British companies are flush with cash. *The answer is property,* he decided.

To be sure, bank lending to the property market has been *growing steadily this decade to* reach £9.3bn in the last quarter *of 1986, nearly a quarter of this* was committed last year.

The major players in the arrangement of syndicated loans include, among the British merchant banks, County, Guinness Mahon, Samual Montagu, Morgan Grenfell and Rothschild, and among foreign banks, *Allied* Irish, Bankers Trust, First Interstate, Nordic *Bank and Security Pacific.* And there are active banks not immediately apparent because many of the deals remain unpublicised.

There are numerous attractions in property. At a time when, as the banks say, there is no easy lending, the margins are high, the tickets are big and the number of staff needed to *devise the financial packages* is small.

Underneath that there are broader trends. Bank interest in property began to pick up when controls on the quality of lending were relaxed. These controls were imposed by the Bank of England in the aftermath of the 1974 property crash and specified lending only to schemes with cast iron guarantees and then at a high rate of interest.

The slack in the market was taken up by pension funds and insurance companies seeking the hedge against inflation that property has traditionally provided.

Latterly the pendulum has been swinging back. The Investment Property Databank noted that the heaviest annual institutional investment took place in 1981, at £2.01bn, and since then has halved. In recent months in*surance companies* have been taking a greater interest in the market but the pension funds have stood aside. So, there has been a gap for the banks to fill. "The margins are there because the institutions are absent", said one banker.

But this gap is not simply a question of funds. The property development industry has changed. The expectations of those who own property have changed.

Greenwell Montagu, the London brokers, noted in a recent study an "emphasis on selling developments for short term gain as opposed to retaining them for long term *investment.*" *This, too,* has helped the growth of bank lending. "The new developer-traders, which have grown rapidly due to the demand for specialist City office space and retail property, are boosting demand for short and medium term funds."

Such companies include Rosehaugh, London and Edinburgh Trust, Bredero, Arbuthnot (now merging with Imry) and London and Metropolitan Estates. Their aim is earnings per share, a different approach from companies like Land Securities, British Land, Hammerson, MEPC and Peachey where *there is a greater* concentration on building up assets per share.

At the same time, as Mr Patrick *Heininger, a director* of Baring Brothers, Britain's oldest merchant bank now active in property financing, noted, "there are people with property which they don't need to own."

He was talking here of the High Street chains which can *just as well carry* on their business in rented as in owned accommodation but because they do own property want, as they say, to make the asset sweat. Recent examples of groups putting their property assets to work include Safeway, Storehouse, Burton and *Ratners.*

"There is an awareness of the concept that property ownership can be looked at independently," said Mr Heininger. The demand for the banks here is to devise the financing packages which ensure that the groups obtain returns from their properties. This is not something in which the insurance *companies* or pension funds would want to be involved.

The confluence of these trends—a financial hole to fill, rising demand from developers, making the assets sweat—means inevitably that bank financing of property goes well beyond the provision of mere mortgages.

The range of instruments is wider now. Very broadly they can be *split into three overlap*ping types. And these types come into play at different stages of the property development sequence. Take the types first.

The first is where a bank is lending to a company. Here the crucial factor for the bank is the company's cashflow and the lending has nothing to do with a *specific* property or a specific property venture. A bank will arrange short term, unsecured lending on the strength of a company's viability.

Commercial paper is an example of this. The market, said Greenwell Montagu, "although it has got off to a slow start *offers an alternative supply of* short term finance. To date, Stockley has taken out facilities for £100m and Hammerson, Property Security IT, Chesterfield and British Land have £50m facilities."

The second type is where a bank is taking a risk not only on a company but on that company's property as well. The *security is the building.* The faith is in the ability of the company to realise in the property the value it promises when the funding is provided.

When County, the National Westminster merchant banking subsidiary, last month put together a £270m syndicated funding for Rosehaugh Stanhope's Broadgate development in the City of London it was *saying, in effect, two things.* That Rosehaugh Stanhope would complete the building in the time it predicted and that it would let the space at the rents for which it had budgeted.

When ANZ Merchant Bank last October formed a consortium of banks to inject £70m into a joint property company with Burton, based on Burton's High Street shops, it *was* assuming that the income from the properties would provide the returns the banks wanted and taking the risk that the properties would not fall in value.

The third type of financing is securitisation — the turning of property assets and property-based debt into tradeable securities. Here the return to the banks is geared wholly to the property market. The only recent example is the Baring and Goldman Sachs flotation of £80m of equity and debt in the City of London's Billingsgate development. It was quoted last June in Luxembourg.

Securitisation and unitisation —the splitting of a building into small portions of ownership or entitlements to rental income in the form of tradeable *units—are the wave of the* future.

It is at this stage that the question of sequence in the bank financing of property comes into play. Again broadly, the sequence splits into two. The first part is development finance. *The second is invest*ment, or, as the banks would put it, take-out—the removal of finance provided for development and its replacement by other funding. "The banks are not looking to be long-term holders of property," said Mr Heininger.

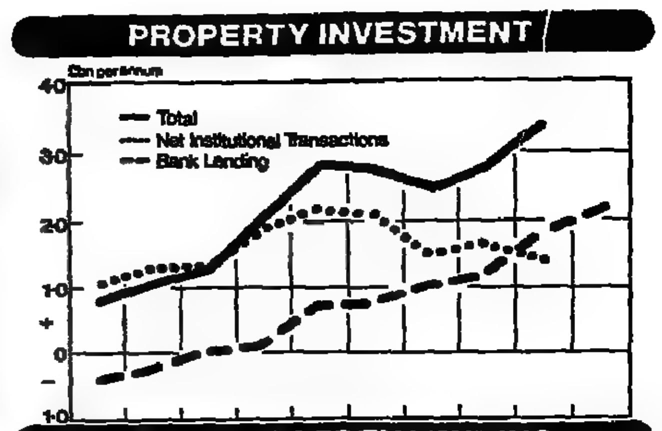
The scope for banking innovation at present is greater in the first part than in the second. Once a bank is satisfied that a property development venture will be worth the capital value that a *promoter* places on it; once the bank is satisfied that the promoter can meet the interest payments, then all the banking techniques suitable to the circumstances can be applied.

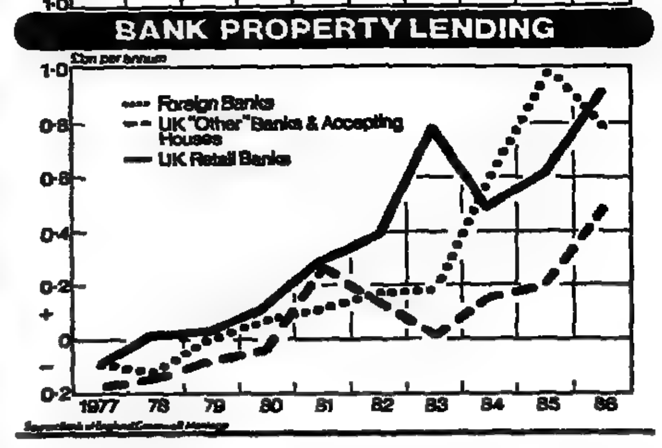
These techniques do not involve securities. Rather, they *are concerned more with tech*niques like the manipulation of interest rates, changing from floating to fixed, and so on. The opportunities have always been there. Generally, given the fact that the huge property developments are comparatively rare, most ventures require only one *bank to finance them.*

From the banks' point of view, *the second part of the sequence* is also vital because it is the path not only to more business in arranging issues of property-related securities, but also because a widening of the investment market enables their funding to be re-financed.

The banks recognise that the property market needs more money, needs to be made more *liquid, so that indigestible* chunks of real estate can be more readily traded.

"If the market doesn't develop," warned one banker, "if there are no trusts or property income certificates — and the development finance keeps coming in, there are going to be problems. There are a lot of big buildings and no take-out," *said one banker.*





UK COMPANY NEWS

Rank plans expansion after rise

BY DAVID THOMAS

RANK ORGANISATION, the leisure and entertainments group, reported a rise of 21 per cent to £164.1m in its pre-tax profits for the year ended October 31 1986, on sales of £718.1m, against £630.9m.

Earnings per share rose 34.7 per cent to 45.4p (33.7p). The final dividend is 11.75p (9.5p), making 18p (15p).

The results were in line with City expectations and the shares closed up 21p at 611p.

Sir Patrick Meaney, chairman, said the company's major clearing up tasks were over and he expected 1987 to be a year of continuing prosperity continuing progress, partly because spending on leisure would continue to outstrip general economic growth.

He added: "We plan to accelerate the international expansion of our leisure and precision industries in the US and elsewhere."

Rank was actively considering the opportunities for acquiring medium and small companies in the US, and would not rule out the possibility of making a large acquisition.

Sir Patrick Meaney, chairman of Rank.

The trading profits of Rank's directly managed businesses were up 23.2 per cent at £84.4m (£68.5m).

Holidays and recreation showed the best results, almost doubling profits to £32.8m (£16.5m), though £9.6m of the increase stemmed from newly acquired businesses.

Early bookings for holidays in 1987 were up on last year, Sir Patrick said.

The hotels and catering businesses produced the worst results, with profits falling to £12.1m from £15.4m, mainly because the decline in American tourists coming to London last year. The company was confident the position would improve this year.

Film and television services reported profits of £13m (£11m). The company was examining opportunities to build more cinema complexes in the UK.

Profits at precision industries were £14.6m (£11.5m). The company's interests in North America increased profits to £6.5m (£3.6m), but Australia/Asia stood still at £2.2m.

Profits from associated companies were up 16.3 per cent at £82.7m (£71.1m), to which the company's interest in Rank Xerox contributed £81.1m. Rank said Xerox's underlying profits grew by 11 per cent after allowing for currency fluctuations and redundancy costs.

Overall, the trading profit was £167.1m (£139.6m). After allowing for interest of £3m (£3.6m), tax £64m (£61.1m), minorities £5.5m (£6.2m), extraordinary charges £19.1m (credit £1.5m), profits were £75.5m (£70.2m).

The extraordinary items included £14.4m for costs arising from the lapsed offer for Granada.

The 1985 figures were restated because of accounting changes relating to goodwill, depreciation and Rank Xerox's deferred tax, increasing the 1985 tax charge by £3.9m and reducing the net profit by £4.9m.

See Lex

British Airways prospectus highlights turnround

By Richard Tomkins

BRITISH AIRWAYS today publishes the prospectus for its £900m offer for sale. Some 720.2m shares are being sold at 125p a share by Hill Samuel, the merchant bank, on behalf of the Secretary of State for Transport.

The prospectus shows how the airline's financial performance has been turned round in the last five years by new management led by Lord King.

Pre-tax losses of £108m in the year to March 1982 had become pre-tax profits of £195m by March last year.

However, the aftermath of the Chernobyl and Libya incidents in spring 1986 caused a downturn in transatlantic traffic which has hit the current year's figures. Consequently the company is coming to the market forecasting a fall in profits to £145m for the year to this March.

The availability of previous years' tax losses mean British Airways will pay only £2m in tax this year, so earnings per share come out at 19.9p and the prospective price/earnings multiple is 6.3 times.

A 4p net dividend will be paid in July, but British Airways says the dividend would have been 6p in a full year, so the notional gross dividend yield is 6.8 per cent.

The shares are payable in two instalments: 65p now and 60p on August 18. The minimum number which can be applied for is 400, so the minimum initial investment is £260.

About 20 per cent of the shares are being sold overseas and another 45 per cent are being pre-placed with UK institutions, but if the remaining part of the offer is subscribed three times or more, it will be expanded through a clawback of 20 per cent of the other investors' shares.

Special provisions have been made to restrict foreign ownership of British Airways to around 35 per cent to prevent its status as a British flag carrier being jeopardised.

● comment

The absence of a closely comparable airline stock has made the pricing of British Airways a tricky exercise, but on most assessments of BA's merits relative to other carriers', a price of 125p looks undemanding. For this, the investing public has to thank the over-hearty underselling of the issue, which has succeeded in frightening off not just Sid but a few UK institutions besides. Now they are having to be won back with a price low enough to ensure that the claw-back is triggered, for fear that the comparatively uninhibited enthusiasm of overseas investors might be dissipated by any taint of failure in the stock's domestic market. On a short-term view, the attractions are clear: the consensus has it that the shares will see 140p on the first day and 150p to 160p in the next six months, so the prospect of picking up a gross annualised yield of 17½ per cent on the partly-paid price next July and exciting at a premium of up to 50 per cent is close to irresistible. But this is really a stock for yield funds and traders: the horizons are too heavily misted by tax considerations, rising oil prices and political uncertainties for long-term funds to feel comfortable with it.

Valor subsidiary collapses with debts exceeding £7m

BY CLAY HARRIS

MAJOR CIRCLE, a fitted-kitchen subsidiary of Valor, the gas and electrical appliance group, was put into voluntary liquidation yesterday with net debts of more than £7.6m.

More than £7m is owed to companies in the Valor group, which did not mention the existence of Major Circle in its most recent annual report. Valor said late on Wednesday that it would take an extraordinary charge estimated at £700.000 as a result of the closure. Its shares fell 11p to 281p.

Mr Michael Montague, Valor chairman, said that the company would take financial and legal advice about whether to pay any of Major Circle's creditors whose disputed claims could be established. Other creditors would be paid in full.

Mr Montague made his statement through Mr Alister Glaze, the Major Circle director presiding at yesterday's meeting. Mr Glaze agreed to ring Mr Montague only after insistent requests from the six creditors present that Valor should clarify its position toward debts owed by its 95 per cent owned subsidiary.

It also emerged that Major Circle had recorded a net loss of more than £1.5m in the year to March 1985, its first year of operation. These accounts, dated September 1986, have not been filed as required with the Registrar of Companies, Mr Glaze admitted.

"We passed all our accounts through to the group, and the decision was made at group level when to file the accounts," Mr Glaze told creditors.

Mr Norman Davis, a Valor director, said yesterday that the failure, which he described as a technicality, was "probably an oversight."

Valor also confirmed yesterday that it had another kitchen subsidiary, Lifestyle Kitchens UK, which was established in April 1986. Mr Glaze, who told creditors yesterday that Major Circle had stopped taking orders in February of last year, is also one of three directors of Lifestyle, which is wholly owned.

The other two are directors of another Valor subsidiary, United Kitchens. United, which sells to builders, and Lifestyle, which has a franchise operation, trade out of the same premises in Taunton but are separate companies, Mr Davis said.

Mr Glaze and Mr Davis both said that Lifestyle had paid market price for any assets that it had bought from Major Circle.

A statement of affairs presented by Mr Stephen Swaden, partner with insolvency specialists Leonard Curtis & Co, suggested that Major Circle's assets of £868,649 were likely to realise only £68,600. These included stocks of £503,277 which were likely to fetch only £6,100 in a forced sale, Mr Swaden said.

These stocks largely comprised spare parts which could not be assembled to make anything that could be resold, Mr Swaden said. The figures provided by the company would need detailed investigation and explanation by the liquidator, he added.

Trade creditors were owed a total of £312,000 (although Major Circle disputes and has counter-claims pending against some of the largest) and the Inland Revenue was owed more than £246.000.

Mr Philip Monjack, senior partner of Leonard Curtis, was appointed liquidator after Valor, as the largest creditor, made it clear that it would not agree to a joint appointment with a liquidator nominated by the trade creditors.

Allied Textile rises 17.5%

A NEAR £1m increase in profits from financial activities enabled Allied Textile Companies to lift pre-tax profits by 17.5 per cent, from £6.39m to £7.51m, in the year ended September 30, 1986.

The group, a manufacturer, processor and distributor of textile products, lifted its turnover by 5 per cent to £57.25m, on which it increased its operating profit by only 2.6 per cent to £5.63m.

Financial activities — investment income less interest payable — however, contributed £1.87m (£897,000). The group's current investments were shown in the year-end balance sheet at £20.32m (£15.68m), and cash was £210,000 (£1.66m).

Earnings worked through at 22.4p (19.7p) per share. The final dividend is 5p for a net total of 8p, against 6.5p after adjustment for a scrip issue.

There were extraordinary charges of £253,000 (£475,000).

● comment

Allied is long accustomed to answering questions about its cash mountain—market value £25m or 114p per share at the balance sheet date—and now explains patiently that it "hops from foot to foot" switching resources from cash to textiles depending on the expected rate of return. Cash certainly seemed more lucrative last year, being responsible for most of the rise in pre-tax profits. Textile profits will increase this year as the Bulmer acquisition is absorbed, but it will take a couple of years to bring Bulmer's margins up to those of the rest of the group. In the meantime, Allied will patiently try to specialise and improve the earnings quality across the group. This year, pre-tax profits could top £9m which, with the shares up 10p at 345p, puts the prospective p/e at 14. It is worth noting that the company conservatively accounts for a 35 per cent tax charge but in fact pays a lot less—which will help build up the cash mountain.

Only 7% support for Valuedale

VALUEDALE, the management buy-in vehicle driven by Mr Philip Ling, had the support of only 7.3 per cent of Simon Engineering shares when its £201m bid closed yesterday.

Schroders, the merchant bank advising Valuedale, said it was disappointed at the level of support, which it had thought would be higher after its talks with institutions.

Although it thought that Valuedale had won the argument with its criticism of Simon's management, Schroders suggested that shareholders had been heartened by the recent appointments of Mr Tim Leader as chief executive and Mr Roy Roberts as chairman-elect.

Valuedale, created especially for the bid, "will become a very small and quiet company," Mr Nigel Pantling of Schroders said.

Simon shares were unchanged at 291p compared with the 325p value claimed by Valuedale for its offer which comprised 150p in cash, 50p in preference shares and one Valuedale ordinary share for each Simon share. Under the buy-in, the Valuedale share would have had to rise to 200p from its claimed value of 125p for the new management team and its backers to get a 15 per cent stake in the company.

Cadbury upset by US approach

BY LISA WOOD

Cadbury Schweppes, the UK soft drinks and confectionery manufacturer, yesterday advised General Cinema, US theatre chain and soft drinks bottler, that it would not welcome any further advances.

On Monday General Cinema announced it had bought an 8.3 per cent stake in Cadbury Schweppes.

In a letter to Mr Richard Smith, chairman of General Cinema, Sir Adrian Cadbury, chairman of Cabury Schweppes, said: "Any further increase in your investment would not be welcome."

He said Cadbury Schweppes had no formal indication that General Cinema had any interest until it received the letter from Mr Smith earlier this week.

"This has not laid the right foundation for the friendly and constructive relationship you say you are seeking," said Sir Adrian.

General Cinema, in its letter to Cadbury Schweppes, said it did not intend to bid for the company. It said its acquisition of 46.5m shares in Cadbury Schweppes, with an average net cost of £89.7m, was a good investment.

Cadbury Schweppes is particularly concerned that General Cinema may seek to participate in its strategic management by seeking a seat on the board, a strategy it had adopted before in the US.

Mr Dominic Cadbury, chief executive of Cadbury Schweppes, said: "We do not like the idea of creeping control." General Cinema and Cadbury Schweppes, he said, were very different businesses and he did not believe General Cinema had anything to contribute to Cadbury Schweppes' management.

Cadbury's shares closed at 225p, down 1p with some light profit-taking.

Glass Glover at £2.3m

RECORD RESULTS were achieved in the year ended September 30 1986 by the Glass Glover Group of food distributors, importers and growers of fruit and vegetables. Turnover advanced by £37m to £121m and pre-tax profits by £349,000 to £2.33m.

The directors pointed out that the figures were earned against a background of continuing development and heavy investment.

Although the rate of profit growth was being restrained during that programme, they anticipated a further satisfactory performance for the current year with the emphasis again on the second half.

Earnings for 1985-86 moved up to 14.93p (13.75p) per 5p share and the final dividend is 2.54p for a net total of 4.3p compared with 3.9p.

The directors said the scale of developments demonstrated that the group had rapidly secured an important share of the market. There was, moreover, considerable scope for further expansion.

In the produce division extensions to product range and client base were being consolidated. The growing division made a satisfactory contribution to profits, and further developments were increasing the involvement in tomato production and salad vegetable marketing.

There was a tax credit of £111,000 this time (charge £895,000) reflecting allowances from the heavy capital expenditure programme, and further relief was expected in the current year. Minorities came to £104,000 (nil).

Rotork seeks price enquiry

Rotork, valve control equipment and machine toolmaker, yesterday asked for a Stock Exchange enquiry into the rise in its share price during the last few weeks.

The company said extensive inquiries had failed to reveal any reason for the rise from 139p at the beginning of the month to 180p this week. It has been invited to a meeting with another company at which it believed bid proposals might be tabled, but it said that it had always prized its independence highly.

Its shares closed another 10p up at 190p.

Schroder threatens legal action

BY PHILIP COGGAN

J. Henry Schroder Wagg, the merchant bank, yesterday threatened legal action against the accounting firm Deloitte Haskins & Sells following news that PPL (Holdings), the computer software company, had called in the receivers.

PPL joined the main market only in February last year, via a placing of shares at 145p by Schroder and Cazenove which valued the company at £8.9m. At the time, it reported that its last pre-tax profits were £735,000 on turnover of £9m.

The first interim figures after flotation revealed a pre-tax loss of £274,000 but PPL said this was "consistent with expectations."

However, in November 1986 the shares were suspended at 81p following an announcement that "substantial losses" had been incurred in the year to September 30. Mr Roy Taylor, the chairman and chief executive, left the board and the struggle began to construct a refinancing package.

Schroder said it was considering action against Deloitte on behalf of PPL's shareholders, which include Alan Patrocof Associates, Causeway, Fountain Development and British Rail pension fund.

The bank stated that information in the accountants' report at the time of the flotation "may have been incorrect in material respects," particularly regarding the inappropriate application of accounting policy for the recognition of new business.

Mr John Bullock, senior partner at Deloitte, said last night that there were always different interpretations of how to recognise the income of hi-tech companies but his firm would defend strongly against any action taken against it.

Duncan Lawrie

Duncan Lawrie, a private banking services group, returned profits of £650,421 for 1986 compared with £545,354 in the previous year, an increase of 19.3 per cent.

At year-end consolidated gross assets were £65.98m, a 47 per cent increase over 1985's £44.84m.

The group's banking services continued to generate business from customers both in the UK and overseas.

Yule Catto raises stake in Reabrook

By Clay Harris

Yule Catto has increased its stake in Reabrook Holdings, aerosols group, from 8 per cent to 13 per cent.

The bulk of the new holding appears to have come indirectly from Barrow Hepburn, chemicals and engineering group, for which Yule Catto is waging an £18m takeover battle.

Barrow confirmed yesterday that it had recently sold its Reabrook stake, which was a little less than the 5 per cent disclosure level. Yule Catto, plantations and chemicals company, said that it had bought one large holding of about that size plus some shares in the market.

Both companies said that the changes in their Reabrook holdings were unrelated to the takeover battle. Reabrook shares added 17p to 138p.

McKechnie pays £12m for plastics group

BY MIKE SMITH

McKechnie Brothers, plastics, metals and consumer products group, yesterday unveiled the acquisition of TVP, maker of plastic products for the furniture and DIY markets, for up to £11.85m.

In the year to December 31 1986 TVP expects to have increased pre-tax profits by 62 per cent to £1.5m and turnover by 34 per cent to £8.3m. Net assets at the end of the year were put at £3.3m.

Mr Stuart Moberley, a director of McKechnie who has been appointed chairman of TVP, said the purchase would increase McKechnie's earnings per share. Gearing would also improve because of TVP's net cash of £700,000.

McKechnie believes the purchase complements existing subsidiaries, Plastiglide, Harrison Drape and Wragby Plastics. Mr Moberley said the company's knowledge of the DIY market would strengthen McKechnie's consumer-based companies.

TVP is McKechnie's third acquisition in the last year. In February Plastic Box, plastics and packaging group, cost £4.4m, and in August McKechnie bought PSM, industrial fasteners company, for £25m.

McKechnie last year reported pre-tax profits of £19.05m, up 16 per cent, on turnover 4 per cent down at £212m. During 1986 it fought off hostile approaches from Evered Holdings and Williams Holdings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Argyle Trust	2	Apr 6	1	1	2
Allied Textile	5	Apr 2	4.5*	8	6.5*
Assoc Fish	3.5	Apr 8	3	4	3.25
BTS Group ......int	‡1.3	Feb 27	1.3	—	4
Courts (Furn) ......int	1.75	Apr 10	1.75	—	4.7
Domino Printing	1.35	Apr 8	1	2.3	1
Robert M. Douglas int	1.2	Mar 19	0.75	—	2.25
Equipu ......int	2	Feb 24	1.6	—	5
Finlan Group ......int	1.8	—	1.8	—	3.8
Glass Glover	2.54	Apr 1	2.3	4.3	3.9
Harvey Thompson int	‡2.5	—	1.75	—	6
Home Farm Prods int	1.15	May 8	1.15	—	3.25
Jones (Ernest) ...int	1.4	Apr 1	1.4	—	5.3
Klearfold	¶3.1	—	—	4.7	—
London Shop ......int	1.55	Apr 30	1.45	—	5.5
Lonrho	7	Apr 6	6.36*	11.91	10.91*
Lonrho ......1st int	‖1	—	0.91*	—	11.91*
M & G Group	3.25	—	2.25*	5.25*	3.75*
ML Holdings ......int	†2.6	Apr 7	2.3	—	8
Rank Org	†11.75	Apr 7	9.5	18	15
TSB	1.07	Mar 30	—	1.07	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross—US cents. ‖ For current year.

Standard's firework rescue

BY CLAY HARRIS

SCOTTISH HERITABLE Trust, the York-based industrial and property group, has rescued Brock's Fireworks, Britain's oldest fireworks maker founded in 1720, in a deal effected via its Standard Fireworks subsidiary.

SHT will have an estimated 70 per cent of the UK market when Brock's 20 per cent share is added to the 50 per cent held by Standard Fireworks, which SHT bought last year.

Standard hopes to preserve all 150 production and administrative jobs at Brock's plant at Sanquhar, Dumfriesshire. It has begun to recall staff who were laid off at the beginning of the year.

The Office of Fair Trading has requested information on the purchase, but Mr Robin Garland, SHT managing director, said that his company would emphasise the need to maintain employment and the importance of Brock's research department which works mainly on military pyrotechnics.

Standard has paid £55,000 for Brock's, which had sales of about £4m in final nine months of 1986. Brock's net assets have fallen considerably from £2.1m at August 31 1985 because of subsequent trading losses.

Lonrho has had a first-rate year and growth continues. Profit before tax is now over £165 million

R W Rowland, Chief Executive

Dear Shareholder,

Your Company has had a first-rate year and growth continues. Earnings per share are 25·5 pence on increased share capital, and profit before tax is over £165 million.

I hope that, after you have glanced at my brief survey of new projects, you will go on to read the general Review of Operations.

In October 1986, we made a decision to enter the oil business in the U.S.A. by the acquisition of six hundred producing oil and gas fields, which were bought for about U.S.$170 million from Atlantic Richfield as a joint venture with Mr Robert Anderson. Lonrho believes this will be an excellent base for a modern oil producing and trading company free of unproductive overheads. The new company, which has its headquarters in the United States, is already operating profitably under the experienced leadership of Mr Anderson.

As I said last year, we intend to strengthen links with Japan. We have now signed a formal co-operation agreement which includes a cross-holding of shares with the major Japanese trading company, Nissho-Iwai. Lonrho has worked with Nissho-Iwai on several large projects in Africa and so we feel confident that this closer association will give us opportunities to develop in the Pacific Basin.

Application is being made to obtain a listing on the Tokyo Stock Exchange in the near future, which will further expand the Group's presence in the Far East.

Lonrho headquarters — Cheapside House, London.

Agricultural interests in Africa — already extensive — were expanded this year when we were invited to re-commission several large and fertile estates in Mozambique, which Lonrho now owns and manages in partnership with Government. The development, which was initiated by the late President Samora Machel, was productive from the start and we are increasing the acreages.

Companies in the African continent have produced and traded extremely well, although some had adverse exchange rates with a consequent effect on sterling profits.

Shareholders may be surprised to hear that, with this year's expansion, Lonrho is now one of the largest beef-ranching companies in the world, with a herd of about 120,000 head grazing on two million acres.

During the year, by agreement with the innovative Mr Eddie Shah, Lonrho took a 78 per cent. interest in Britain's first colour national newspaper, "TODAY". This will sustain the paper as it continues to build up a regular readership by constant improvement.

Your Company's whisky division has the second largest share of the United Kingdom market, with three brands in the Top Ten—Whyte & Mackay 'Special', and added this year, The Claymore and the world-renowned Haig.

Underlying financial strength has been further improved by a well supported issue of U.S.$100 million convertible bonds at 4·75 per cent. in May and a recent issue of U.S.$100 million bonds at 8 per cent. These issues, which do not affect Shareholders' earnings or rights, help to underwrite expansion.

And expand we will—with your support and the advice and enthusiasm of Lonrho's experienced management team. We used to be a small Company and we try to keep our original foraging spirit of enterprise.

To everybody working for Lonrho, I express the Board's warm thanks and appreciation for their contribution to the security and growth of the Company, which has increased a thousandfold in the last twenty-five years — despite the odd problem!

The Group has started the new financial year well, although it is too early to make a forecast. To mark the end of this year we are issuing a 1 for 10 bonus share.

Yours sincerely,
Tiny Rowland

The following is taken from the Review of Operations for the year ended 30 September 1986:

MINING AND REFINING

The recent upsurge in gold and especially in platinum prices has boosted the Group's precious metal mining profits. Production has increased to over 250,000 ounces of refined platinum group metals. Platinum production is planned to expand substantially over the next few years to take output to 500,000 ounces annually.

Gold production from the Group's Zimbabwean mines reached another all-time high. Ashanti output was affected by a strike earlier in the year, now amicably settled. Good progress has been made with the U.S. $160 million programme to expand Ashanti production by 50%.

Shortly before the year end the first reef development at the important Erfdeel mine was driven, revealing gold values above expectations. Production will start later this year and build up to an eventual annual milling rate of 2·7 million tonnes of ore, yielding over 400,000 ounces of gold. We hold 36% of Eastern Gold Holdings, which owns the mine, with most of the balance being owned by the Anglo American group of companies.

Base metal refinery and smelting plant — Western Platinum.

Rock boring equipment, George Cappendell Shaft — Ashanti, Ghana.

AGRICULTURE

The Group's seven sugar estates reported record overall profits with major contributions from the mills in Swaziland and Mauritius. Sugar production has increased to about 450,000 tonnes.

In Kenya, profits from crops, produced by The East African Tanning Extract Company, were significantly increased.

In Zambia, Kalangwa Estates has had an exceptionally successful year in production of tobacco, maize, wheat, poultry and pigs.

In Malawi, a record 4·9 million kilogrammes of tea was harvested during 1986, but turnover was down due to lower tea prices. A healthy profit was earned from other crops, particularly coffee, where production was up at 260 tonnes.

In Nigeria, John Holt has branched out into food farming for the first time, with a large poultry complex.

Demand for high quality arabica coffee in Zimbabwe was strong during the year, with good prices being obtained. Sales of beef cattle amounted to 10,600 head.

Cattle in Zimbabwe.

The Group's recently re-acquired Mufindi Tea Estates in Tanzania have produced 1·3 million kilogrammes of tea, which is their second best ever year.

In Mozambique, the Group, in partnership with Government, now has 3,000 hectares under cultivation.

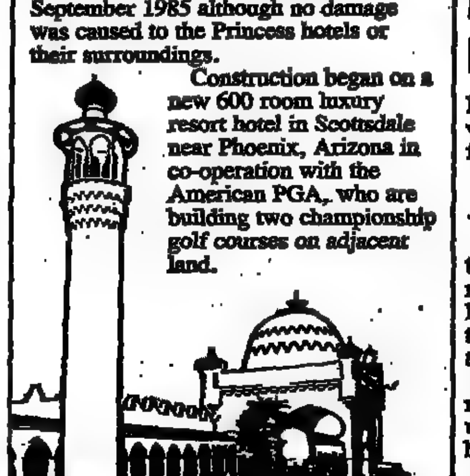
Tea picking — Mufindi Tea Co., Tanzania.

HOTELS AND CASINOS

In Bermuda the major refurbishment programme for the Princess hotels continued. Occupancy levels overall increased, despite the Southampton Princess being closed for renovations during part of the year.

In Mexico the Acapulco Princess is reporting substantially improved reservations for the current winter season compared to last year, which was affected by the major earthquake in September 1985 although no damage was caused to the Princess hotels or their surroundings.

Construction began on a new 600 room luxury resort hotel in Scottsdale near Phoenix, Arizona in co-operation with the American PGA, who are building two championship golf courses on adjacent land.



The Princess Casino — Bahamas.

In the United Kingdom the Metropole Hotel Group has reported record profits at all five of its hotels despite the reduction in overseas visitors. At the Birmingham Metropole occupancy was at its highest level ever and the new Kings Suite conference facilities were opened in May. Extensive work has been completed at the Brighton Metropole and a new swimming pool has been added.

The Metropole Hotel Group held 3,800 conferences during the year maintaining its position as the leading exhibition and conference group.

The Stanhope Apartments in Park Lane were opened in May, providing superbly furnished flats and a penthouse for short-term letting, which are undoubtedly London's best.

The returns of the Casino division have been lower due to a fall in visitors from overseas, which seems to be over judging by the 1987 first quarter's results. Overseas, the Bahamas casino was well attended and the flight programme for visitors to the casino was expanded.

In Kenya the newly acquired Mount Kenya Safari Club, one of the most luxurious safari lodges in the world, realised a good profit in its first full year of ownership.

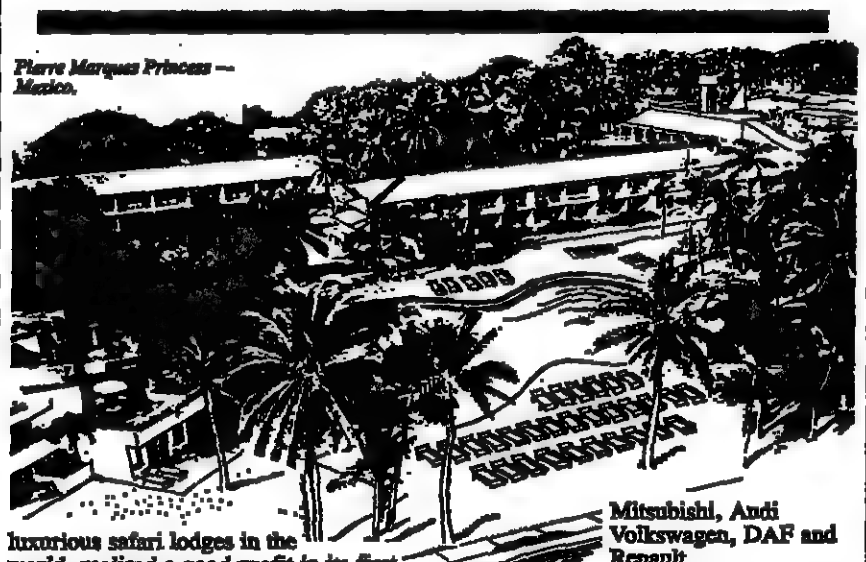
Jack Barclay, Rolls Royce and Bentley distributors — London.

1986 AT A GLANCE

	1986	1985
Turnover	£2,651m	£2,586m
Profit before tax	£165.1m	£158.3m
Profit attributable to shareholders	£76.5m	£67.6m
Earnings per share	25.5p	23.3p
Dividends per share	12.0p	10.9p
Cash balances	£220m	£211m

Earnings and dividends per share for 1985 have been adjusted for the capitalisation issue in 1986.

The seventy-eighth Annual General Meeting of Lonrho Plc will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Thursday, 19th March, 1987 at 11.30 a.m.



Pierre Marques Princess — Mexico.

MOTOR DISTRIBUTION

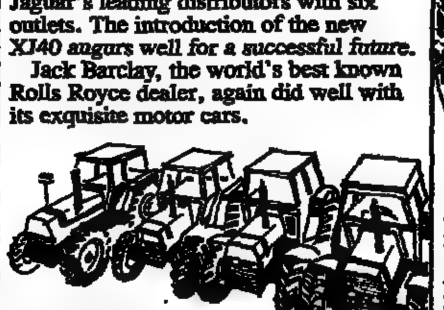
In spite of intense competition during the year, the Audi Volkswagen Group's market share at 6% is again better than last year. V.A.G (UK) continues to be the leading importer of European cars in the United Kingdom.

During the year the new Audi 80 range was introduced incorporating the unique Procon 10 safety system, which has received tremendous press comment.

MAN-VW is now the fastest growing truck company in the British market, which has become the largest MAN export market in the world.

Dutton-Forshaw Motors is one of Jaguar's leading distributors with six outlets. The introduction of the new XJ40 augurs well for a successful future.

Jack Barclay, the world's best known Rolls Royce dealer, again did well with its exquisite motor cars.



Deutz-Fahr tractors distributed by Watveare.

Seat Concessionaires (UK) now has 113 franchised dealers throughout the country and is the fastest growing motor franchise ever in the United Kingdom.

Western Machinery is firmly established as the market leader in baler and forage harvesting machinery.

Zimoco, the Group's Mercedes distributor in Zimbabwe, sold nearly 600 vehicles during the year, making it the third largest distributor of Mercedes vehicles in Africa.

In Kenya, the Motor Mart Group moved to better premises in Nairobi. We now have an ideal location to display such good products as Toyota, Massey Ferguson, Mitsubishi, Andi Volkswagen, DAF and Renault.

In Zambia, all the Group's motor companies performed satisfactorily, with Commercial Motors, which distributes locally assembled Peugeots, doing particularly well.

Lonrho continues to be agents and distributors in many countries in Africa for Mercedes Benz, Toyota, Peugeot, Andi Volkswagen, Massey Ferguson, General Motors, Rover Group and several other manufacturers.

PRINTING AND PUBLISHING

The Observer's circulation continues to outperform the market with strong gains compared with losses by all other quality Sunday titles. Plans have been announced to move to contract printing in 1987, which will further enhance performance.

The Observer Colour Supplement.

The Glasgow Herald improved its position as Scotland's leading quality national daily newspaper and the British Newspaper Design Awards named the Glasgow Evening Times as the best evening newspaper. Significant circulation increases have also been achieved.

Scottish & Universal Newspapers consolidated its position as the paramount weekly newspaper group in Scotland.

The large number of well publicised takeovers and mergers during the year has benefited Greenaway-Harrison, a well organised high security printer.

Greenaway-Harrison also made significant advances in their specialist services to banks and financial institutions.

Harrison & Sons marked its 52nd year of holding, uninterrupted, the British Post Office stamp printing contract.

1 of 2 stamps commemorating the wedding of H.R.H. Prince Andrew and Miss Sarah Ferguson.

The print centres of Holmes McDougall in Edinburgh, Glasgow and Norwich performed well throughout the year.

Harrison Decorative Papers consolidated and strengthened its position as the largest United Kingdom producer of printed decorative papers to the furniture industry.

ENGINEERING

The majority of the companies in the Firsteel Group improved their results over last year.

Firsteel Metal Products earned record sales and profits. Firsteel acquired Bromford Cold Mill during the year to complement its range of steels in the cold rolled strip market. All the stockholding companies performed well.

Charles Roberts Engineering more than doubled its profits this year. The Lightfoot Refrigeration Company was awarded a major contract from a Japanese shipyard and also installed the new ice rink at the Birmingham National Exhibition Centre for the Sport Aid spectacular.

In Zambia, the President of the Republic opened a prestigious housing project completed by the Group's construction company, Delkins. Delkins also erected the Group's cotton ginnery plant in Mumbwa in record time.

Vitretex Paints was able to secure valuable imported raw materials for its paint production. Efforts to increase exports to other tropical countries have increased.

W. Dahmer & Co. improved its revenue from Zimbabwean manufactured buses and trucks, which it continued to export to other countries in Africa.

In Nigeria, John Holt is manufacturing 60 foot trawlers made of fibreglass.

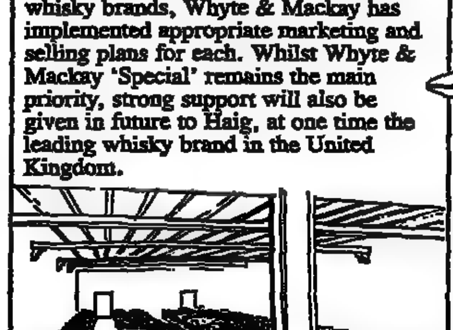
Aviation refuelling tankers by Charles Roberts Engineering — Wakefield.

WINES AND SPIRITS

In France our plan to use the most modern techniques was carried further by the installation of advanced computer controlled wine making machinery at Château Rausan Ségla. The Bordeaux wine merchant, Louis Eschenauer, had a successful year and in the Loire region, the merchant Aubert Frères made notable progress in international markets with its high quality regional wines.

Whiskies from Whyte & Mackay — Scotland.

Following its acquisition of ten new whisky brands, Whyte & Mackay has implemented appropriate marketing and selling plans for each. Whilst Whyte & Mackay 'Special' remains the main priority, strong support will also be given in future to Haig, at one time the leading whisky brand in the United Kingdom.



Cellar — Château Rausan Ségla, Bordeaux.

Whyte & Mackay 'Special' and other company brands have increased sales volumes, especially to Europe.

The Group continues to operate 19 breweries in partnership with African Governments and municipalities, producing traditional high protein beer.

In Zambia, the Coca-Cola bottling company is, as ever, very busy. The Group also operates three Pepsi Cola bottling plants in Nigeria.

TEXTILES

Lonrho Textiles showed significantly increased profits over last year. Brentfords in particular traded very strongly during a year in which it was proud to be granted a Royal Warrant as a supplier to Her Majesty the Queen.

Our Lancashire based David Whitehead mills had an excellent year. John Barnes in Preston has a healthy order book for industrial knitted fabrics. Besco Baron in Rochdale improved its range of domestic textiles.

David Whitehead in Malawi had a disappointing year, caused by large volumes of imported second hand clothing. There are now Government restrictions on such imports.

In Zimbabwe, David Whitehead won the Exporter of the Year trophy for the second successive year, recording a 144% increase in export sales compared to last year.

A new cotton ginnery at Mumbwa in Zambia was commissioned during the year and has ginned 9,000 tons of seed cotton since the project started up in November 1985.

David Whitehead textile factory — Zimbabwe.

FREIGHT

The Kühne & Nagel group of companies again showed a satisfactory performance, although it was affected by the devaluation of the U.S. Dollar against European currencies. This resulted in lower commission income and less revenue in a number of countries, as well as a decrease of oceanfreight business volume from Europe and the Far East to North America.

Container crane in operation.

Kühne & Nagel's container terminal in the port of Rotterdam successfully concluded its first year of operation. In Canada Kühne & Nagel has acquired the lease of a warehouse in Vancouver and a second warehouse is being constructed in Montreal.

In addition to its forwarding activities, the Kühne & Nagel group also carries out warehousing, port handling, industrial packaging, insurance brokerage and travel business in a number of countries.

Global turnover of Kühne & Nagel, which Lonrho owns in direct partnership with Mr Klaus Kühne, exceeds DM 4·9 billion and profits have almost doubled in the last five years.

FINANCE AND GENERAL TRADE

Baumann Hinde, the Group's cotton merchanting company, traded well during a period of rapidly declining prices. In February, the company was awarded a consultancy marketing contract by the Zimbabwe Government.

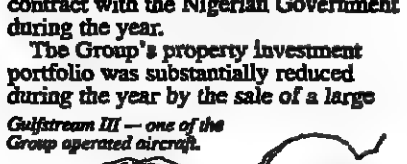
The PJH Group has confirmed its position as the leading supplier of kitchens and bathrooms in the United Kingdom with the acquisition of Fourways.

The Group's insurance division, F. E. Wright, achieved a modest increase in profitability despite greatly increased costs.

John Holt's confirming operations were boosted by a large pharmaceutical contract with the Nigerian Government during the year.

The Group's property investment portfolio was substantially reduced during the year by the sale of a large portion of its residential and commercial properties for £53 million. In December 1986 the freehold of Lonrho's headquarters, located in a prime open position in Cheapside directly opposite St. Paul's Cathedral, was purchased.

Gulfstream III — one of the Group operated aircraft.



Southern Watch & Clock Supplies traded satisfactorily in 1986 and profitability has been maintained.

Turnpan, which is the largest supplier in Zambia of mining equipment and spare parts to the copper mines in Zambia, performed exceptionally well.

Lonrho continue to represent substantial American aircraft manufacturers in a number of countries in Africa, including Beechcraft, which is our most successful agency, and Boeing. In addition, the Group owns about 30 hard working aircraft.

The text is taken from the Chief Executive's Statement and Review of Operations contained in the Report and Accounts for the year ended 30 September, 1986 which will be published in late February. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

LONRHO

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

TSB marginally ahead of forecast

BY DAVID LASCELLES

The TSB Group, reporting its first results since last September's flotation, earned £205.6m before tax in the year ended November 20 1986. This was slightly better than the £201m forecast inthe prospectus, and represented an increase of 21.4 per cent on 1985.

Sir John Read, the chairman, sair that a great deal of work had been done on the group's strategy. But he declined to give a specific answer to the most pressing question facing the TSB: *how it intended to* spend the £1.5bn raised by the flotation.

"We plan to develop as a financial services group by a combination of growth of existing businesses and the acquisition of new businesses," he said. "Progress will become evident during the course of the year."

If the TSB did make acquisitions, they could be in the form of several small unquoted companies rather than a large listed company. But there were currently no acquisitions under discussion, Sir John said.

The TSB's results included £197.2m from business operations and £8.4m in income from the proceeds of the flotation, of which the TSB had so far received one half.

Tax amounted to £73.8m, leaving net profits of £131.8m. The dividend is the forecast 1.065p.

Banking profits were £134m, *up from £122.4m last year. The* TSB has taken a cautious approach to increasing its loan portfolio because of the intensity of competition in the market. This modest level of growth was also due to costs incurred in developing the TSB's retail network.

Earnings from the group's other activities, by contrast, were up sharply. Insurance and unit trust services earned £35.1m (£26.5m) last year, credit card operations £11.3m (£6m), finance house services £9.5m (£7m), and vehicle rental, leasing and distribution £7.3m (£7.4m).

Sir John Read, the TSB chairman.

Mr Derek Stevens, finance director, said that the exceptionally large increase in profit from credit cards was due to recent market conditions and was unlikely to persist.

The TSB has invested the *bulk of the flotation proceeds* in short-term loans and gilt-edged stock. Mr Stevens said the choice was dictated partly by the need to have quick access to the funds if necessary.

There were about 7m customers and about 2.5m shareholders, down from more than 3m initially. A breakdown of *its shareholders will be given* in the annual report. More than 30 suspected multiple applicants for TSB shares had been referred to the Director of Public Prosecutions.

See Lex

M.L. rises 56% in strong first half

BY ALICE RAWSTHORN

M. L. HOLDINGS, the aeronautics and technology group, yesterday unveiled a 56 per cent rise in pre-tax profits to £1.1m in the first half of the financial year after a strong performance from both its aviation and electrical engineering divisions.

In the six months to September 30, the company increased its turnover by 40 per cent to £31.21m. Earnings per share rose by 26 *per cent to* 12.39p and the board proposes to pay an interim dividend of 2.6p (3.3p).

The aviation division still dominates both turnover and profits, contributing roughly 70 per cent of each. M. L. Aviation has gained overseas contracts in India, the Middle East and the US. Slingsby Aviation, which was acquired in August, has made a promising start. The company intends to invest in this acquisition to develop its potential.

M. L. Holdings is keen to im*prove the margins of the* aviation activities and has thus begun to renegotiate its cost-plus contracts into fixed price contracts. It has already made some progress with this and, according to *Mr Peter Pollock*, group chief executive, is confident that it can reach a satisfactory arrangement with the Ministry of Defence.

In the electrical engineering division — which incorporates railway signalling and industrial telemetry — the new management team is in place and has embarked upon a cost-cutting and efficiency programme.

M. L. Engineering has won a new resignalling contract from British Rail for Waterloo and has gained its first order from *London Transport.*

According to Mr Pollock, every area of activity is faring well and the board is confident about the prospects for the full financial year.

● comment

Margins have been M.L. Holdings perennial problem. Swapping cost-plus for fixed price contracts may not be a panacea, but it should certainly help, providing the new M.L. Aviation management team can cut costs efficiently. The upsurge in customer-funded design projects should, in turn, facilitate cost cutting. Ever since its metamorphosis from a motley conglomerate into a niche engineering stock, M.L. Holdings has emerged as something of a City favourite. The shares have risen strongly and rose again yesterday by 15p to 505p. The company is still scouting about for acquisitions, primarily in the defence sector, and is busily integrating the newly acquired Slingsby, which should contribute £400,000 this year. Underlying growth is still strong and the City expects a rise in profits to £3.2m for the full year. Thus the prospective p/e of 14.5 seems justifiable.

Slight rise at Courts Furnishers

Pre-tax profits at Courts (Furnishers) showing a slight increase from £2.41m to £2.5m *in the six months to the end of* September 1986. The improvement was achieved despite lower property profits of £8,000, against £271,000, and a transfer into deferred profit of £181,000, compared with a contribution of £424,000 last time.

Turnover, excluding VAT rose to £46.3m (£41.82m). Earnings per share came out at 6.7p *(6.3p) and the interim dividend* is unchanged at 1.75p.

Directors said trading conditions in the UK were reasonably satisfactory and had continued quite well in the second half. They expected profits from property to be higher than last year's £393,000 for the full year.

The overseas trading performance was generally in line with *budget, the directors said,* but they were disappointed with the results of the Australian subsidiary.

Gallaher increases market share

Gallaher, the UK subsidiary of *American Brands, has* increased its share of the domestic cigarette market by over two percentage points in the past year.

Reporting results for the 12 months to December 31 1986, Mr S. G. Cameron, chairman, stated that market share had risen to 35.5 per cent reflecting a good performance across the company's product range with an especially strong showing by its Benson and Hedges Special Filter, Silk Cut and Berkeley brands.

Sales and profits for the period attained record levels, the chairman said. With the exception of the optical and housewear operations, all divisions contributed to the growth in profits.

Group turnover rose from £3.09bn to £3.4bn of which tobacco activities accounted for £2.5bn (£2.27bn). Interest payable fell to £14m against £21.4m *last* time, but *there was an* exceptional charge of £21.9m, largely consisting of a provision for the closure of the Henry Street tobacco plant in Belfast.

Nevertheless, pre-tax profit rose 7 per cent to £117.4m. Tax took slightly less at £44.5m (£44.8m).

As well as the success in *domestic tobacco markets, the* chairman reported good progress in export sales, while Middle East volume was maintained despite that market's sharp contraction.

Trading profits in the optical division came out at £11m against £14.3m, reflecting significant changes arising from the deregulation of the market. Dollond & Aitchison, the largest optical concern in the UK, made a sizeable contribution to profits despite substantial spending on marketing and promotions.

Earnings from the engineer*ing division expanded* by 41 per cent to £10.3m, a rise attributed to recent modernisation and re-organisation.

Higher profits were also reported by Gallaher's distribution and office products operations. NSS Newsagents, acquired last summer, dovetailed with the existing Forbuoys business and together comprises one of the largest retail chains in the sector. The figures include a 10-week contribution from NSS.

The housewears division *announced profits reduced from* £7.4m to £6.4m. These figures were adversely affected by exchange rate fluctuations and production problems in the first half of the year.

Concluding, the chairman stated that Gallaher had gained strength in all its key areas and expected the group to continue its record of consistent growth.

Ernest Jones losses increase at mid-term

Ernest Jones, retail jewellers, incurred an increased deficit in the six months to September 27 1986. Although turnover inclusive of VAT advanced from £6.75m to £7.67m, the loss before tax came out at £789,000 against a loss of £314,000 last time.

There was a tax credit of £276,000 (£110,000). The loss per 10p share was 5.1p (2p).

The directors stated that profit margins had suffered as a result of action taken to ration*alise stock holdings following a* detailed review of marketing strategy and the continuation of the company's specialisation policy in the middle and upper sectors of the jewellery market.

This review enabled the company to respond aggressively in consolidating market share despite major stock clearance exercises by certain competitors, the directors said.

The results also included costs of accelerating the current programme of introducing a new corporate image. Expressing confidence for the future, *the interim dividend was set at* an unchanged 1.4p.

BTS profit well down

THERE WAS a substantial reduction in first-half pre-tax profits at BTS Group, the USM-quoted vehicle parts manufacturer, and the directors said it *was unlikely the year's figures* would improve on the previous £594,000.

They are, however, holding the interim dividend at 1.3p net per share, from earnings of 1.3p *(3.1p).*

Profit for the six months ended September 30 1986 fell to £106,000 (£228,000) on a turnover of £4.12m (£4.13m).

They blamed the fall mainly on the build up of the seasonally biased battery business and to the introduction of new facilities. Benefits of those had not been fully exploited.

The collapse in oil prices and subsequent closure of the tyre waste recycling plant in Wolverhampton resulted in a *significant increase in tyre* casing disposal costs, particularly since September. Although steps were taken to resolve the problem there would be some impact in th short term.

Some major changes were introduced in order to provide a platform for the group's growth. Management structure had been reorganised, the final phase of the central distribution programme completed, and a modern type curing plant installed to ensure the efficient low cost production of remoulds.

Finlan falls 26% midway

Finlan Group, builder and developer, produced interim pre-tax profits of £174,594, 25.6 per cent lower than last year's figure of £234,628.

Turnover fell from £4.85m to £3.5m for the six months to September 30. After tax of *£58,589 (£54,738) and a monor*ity credit of £2.53m (debit £2.5m), earnings per 10p share were 1.24p (1.83p). The interim dividend will be 1.8p, the same as last year.

Directors said the first phase of the Luton Airport Executive Park was complete, with lettings proceeding satisfactorily.

The group's major develop*ment in Drury Lane, London,* was scheduled for completion in November, 1987

Union Bank profit up 20%

Union Bank, the California subsidiary of Standard Chartered earned $56.5m after tax in 1986, an increase of 20 per cent over 1985's $47.1m. Return on equity was 10.66 per cent, up from 9.6 per cent. The results included an exceptional gain in the final quarter of $3.3m after tax resulting from the settlement of certain pension obligations.

The provision for credit losses was increased sharply from $28.3m in 1985 to $50.4m. This reflected the growth of the loan portfolio, the effect of adverse economic conditions on the bank's borrowers, and the relative size of its reserves.

London Shop hits £3.8m

A sharp improvement in net property revenue together with much better returns from its housebuilding activities enabled the London Shop Property Trust to lift profits from £3.49m *to £3.84m* pre-tax over the half-*year ended October* 31 1986.

Basic earnings worked through 0.6p higher at 5p and shareholders' interim dividend is being stepped up from 1.45p to 1.55p net per 25p share.

The directors pointed out that the improvements in property revenue and housebuilding activities more than covered higher administration expenses (reflecting an increase in professional staff including the expansion of the company's property development and refurbishment activities and net interest charges.

The directors said that housebuilding profits during the current year were expected to be more evenly divided between th two half years, as was experienced in 1985-86.

Net property revenue for the first half improved from £5.64m to £6.32m and housebuiding profits from £494,000 to £822,000. Administration expenses rose to £763,000 *(£537,000)* and net interest charges to £2.79m (£2.3m).

Tax was little changed at £1.34m (£1.31m). After minorities and preference dividend payments, profits attributable to ordinary holders showed an improvement of £0.31m at £2.45m.

HOME FARM Products (pork *butchers) : Interim* dividend unchanged at 1.15p for six months to November 29 1986. Turnover £13.26m (£14.7m) and pre-tax profit £257,000 (£699,000). Tax £90,000 (£262,000). Earnings per 10p share 3.6p (8.7p). Group trading remained disappointing, but signs that business is currently improving slightly.

HILL SAMUEL, advisors to Courtaulds, yesterday confirmed that it purchased 1.56m shares in Courtaulds' bid target, Fothergill and Harvey, on Wednesday at 300p. Together with the 0.8 per cent which Courtaulds already held in Fothergill, these purchases take the stake held by Courtaulds and its associates to 13 per cent.

R. M. Douglas leaps 66% to £1m halfway

Robert M. Douglas, civil engineering contractor, produced a 66.5 per cent improvement in its interim pre-tax profits from £603,000 to £1m despite continuing losses in the specialist contracting division where some operations are being wound down.

The chairman, Mr John Douglas, said the division's other operations were improving steadily. The figures showed a significant increase over last year and gave tangible evidence of the group's improving performance.

Turnover improved slightly from £67.99m to £70.34m for the six months to September 30. Directors declared an interim dividend of 1.2p and anticipated a year-end total of not less than last year's 2.25p.

The construction division had been particularly successful in obtaining contracts, including the Birmingham International Convention Centre

Operating profit for the group stood at £836,000, double last *year's £406,000, after* losses from the discontinuing operations of £765,000 (£775,000). Earnings per share were 3.4p (0.9p) after tax took £504,000 (£497,000) and minority interests *£19,000 (£34,000).*

Harvey & Thompson surges to £604,000

In the half year ended December 27 1986 Harvey & Thompson, the pawnbroking and debt collecting group, lifted its turnover from £1.25m to £2.05m and its pre-tax profit from £295,000 to £604,000.

The interim dividend is raised to 2.5p (1.75p) and it was hoped a further increase would be possible in the second half, said Mr R. A. Galliers-Pratt, chairman. The previous final was 4.25p.

Pawnbroking branches now *totalled 20 and it was hoped to* open at least two more before the end of June, the chairman said. Lending continued to grow and the first two weeks of this increases.

The debt collection side was trading well. Collections were increasing each month.

Earnings *for the half year* came to 10.49p (5.32p) after tax *£211,000 (£113,000).*

Lonrho hits a record £165m and lifts payout

Lonrho, the international trading and mining group, increased its profits to a record £165.1m pre-tax in 1985-86, an improvement of 4.3 per cent over the previous year's £158.3m.

Earnings worked through at 25.5p (23.3p) and a final dividend of 7p raises the total from an adjusted 10.91p to 11.91p net per 25p share.

The directors said yesterday that the group's UK businesses showed strong profits with continued growth for printing, publishing, vehicle imports, textiles and hotels.

They pointed out that some 40 *per cent of the group's* profits were earned in the UK.

Varying rates of exchange affected real earnings of many agricultural and mining companies in African countries but taken as a whole, the results were regarded by the directors as excellent.

They said the group planned further expansion in northern Europe and the US with emphasis on oil and gas production and trading.

The current year had started well *but it was too* early to make a forecast.

Turnover for the year to September 30 1986 improved from £2.59bn to £2.65bn, although the associates' share declined from £583m to £559m.

Pre-tax results included an associate's share of £34.5m, little changed from the previous year's £34.7m.

Tax accounted for £71.7m (£75.6m) and minorities £16.9m (£15.1m).

for the current year a first interim dividend of 1p (0.91p) has been declared together with a further scrip issue on a one-for-ten basis.

There was a swing from extraordinary credits of £30.9m to charges of £12.4m. The directors pointed out, however, that at year-end cash balances exceeded £220m *(£211m).*

● comment

If a 4 per cent growth in pre-tax profits justifies Lonrho's description of 1986 as a first-rate year, shareholders must tremble at the thought of a second-rate one. That said, Lonrho did do well against heavy odds: although the group's customary full-page advertisement is long on description and short on numbers, the adverse effects of exchange rate movements and the financial, if not physical, earthquake damage to the Princess hotels clearly took a heavy toll. Having used up the first-rate tag on the 1986 results, Lonrho is in danger of finding itself lost for words at the end of the current year, for a recovery in the hotel and casino operations will allow the full benefit of strong gold and platinum prices to shine through in addition to the organic growth which appears likely in the rest of the group's activities. At least £190m *looks likely for a prospective* p/e of 8 with the shares at 255p. That looks undemanding for a high-yielding stock —*7.2 per cent prospectively*— buoyed by recurring speculation about its break-up value.

Neepsend £13,000 in profit midway

Neepsend, the Sheffield-based engineer, has reported a £13,000 interm pre-tax profit after molybdenum's 1986 price collapse caused losses of £355,000 last time.

Directors said the decreased turnover of £8.65m (£9.97m) for the six months to September 30 1986 reflected the metal's continued low price and the sale of Sheffield Machine Knife.

Neepsend's UK companies showed a £324,000 profit against 1985's £59,000 loss, and its Canadian companies, now wholly owned, produced profits 25 per cent lower at £45,000 (£60,000).

An exceptional debit of £103,000 reflected the cost of transferring Slack Sellars to factory premises at Neepsend. The improved factory layout should achieve considerable savings on local rates, said directors, and the company expects to recover the cost within two years.

The extraordinary profit of £70,000 arose from the final sale of surplus plant.

The company had found business very flat in the engineering area and was making strenuous efforts to find new business, particularly in overseas markets. It was too early to anticipate the *final figure for the year.*

Interest fell from £356,000 to £253,000. Earnings per share improved to 0.1p (2.6p losses).

There is again no interim dividend. A nominal final dividend of 0.1p was paid for the year ending March 31 1986, when losses of £159,000 (£353,000 profits) were reported.

M & G on target with 53% profit rise to £15.5m

BY NICK BUNKER

M&G Group, Britain's biggest unit trust manager, has met its own earnings forecast with pre-tax profits up 53 per cent to £15.52m in 1986.

Earnings per share rose 65 per cent to 13.58p on after-tax profits up 39 per cent at £10.1m for the 12 months ending September 30. M&G's board have recommended a final dividend of 3.25p per share, making an adjusted total for the year of 5.25p, 40 per cent up on 1985.

M&G's final profit figure compared with its own estimate of £15.5m, given in November at the time of the offer for sale of 37.4 per cent of the company's equity. The 28m shares on offer came from Kleinwort Benson, the merchant bank, which last year decided to sell most of its stake in the group.

Kleinwort Benson now holds just over 4 per cent, with the remainder spread among some 17,000 investors who acquired shares as a result of the sale.

M&G's operating profit from unit trust management and related activities rose 59 per cent to £10.04m, an out-turn "better than was envisaged at the interim stage," the group said.

Sales of authorised unit trusts grew by 26 per cent to £312m. The number of unitholder accounts increased 16 per cent to 361,000. Unit trust funds under management grew from £1.89bn to £2.6bn, boosting annual management fee income.

Life assurance and pension activities also had a successful year, the group said, with distributable profit contributing £3.02m (£2.2m) to the total pre-tax figure.

New life and pension business showed a 20 per cent increase in initial commissions to £8.9m, and a 27 per cent increase in total premium income to £128m.

Mr David Hopkinson, M&G's retiring chairman, said: "The current year is also going well and is on target to maintain the progress that has been planned."

● comment

Figures so accurately predicted in advance of last November's offer for sale were scarcely likely to kindle new interest yesterday: M&G (not a cheap stock, with a historic p/e of 20) duly closed only 2p up at 279p. The quietly bullish atmosphere in Mr Hopkinson's Tower Hill headquarters could be explained by three key determining factors. First, growth in marketing costs and commissions was contained to only 20 per cent, against 48 per cent in 1984-85. Administration costs totalled £6.2m, up only 13 per cent: M&G puts this down to a policy of developing existing products, rather than adding new ones. Second, M&G's optimism about the UK equity market—where it puts 75 per cent of its funds—translates into optimism about the unit trust industry's continuing appeal to investors (last year, *its inflow of funds briefly over*took *the building societies'* net receipts). Third, M&G's 27 per cent growth in life and pension premiums looks only average for the life industry: but, significantly, it was achieved with no reliance on the endowment mortgage boom that inflated the life industry's new business figures. Perceived over-exposure to a stock market slump remains the shadow over any fund management group.

Domino advances to £3.6m

WITH SECOND half profit rising from £1.44m to £2.2m, Domino Printing Sciences turned in £3.61m for the year ended November 2 1986, an advance of 36 per cent over the previous £2.65m.

The current year had seen a good start, the directors reported, with sales comfortaby ahead of the comparative period. They were confident of another good year.

Earnings per 5p for the year came to 17.39p (12.17p) and the dividend is lifted from 1p to 2.3p net, the final being 1.35p. The company came to the market in May 1985.

The group makes continuous ink jet printers, and supplies associated inks. Last year was the first full one of licenced manufacture of machines by the US trading partner and royalty income at £499,000 accounted for 14 per cent of the pre-tax profit. The royalties were expected to continue to contribute significantly in future.

Macrojet the company's largest character printer, was launched with good sales in the latter part of the year. Ink *sales advanced to* £2.06m, equal to 15 per cent of total turnover of £13.67m (£11.2m).

The directors claimed that the investment in sales marketing and product support for distributors had been justified by the strong growth in sales and trading profits, particularly in the second half.

The subsidiary in Holland continued to make good progress. The German company, however, did not sustain the growth of last year.

● comment

Two successive years of 35 per cent pre-tax profits growth is enough to convince almost any cynic and Domino's shares duly bounced up 27p to close at a record high of 367p. The new products—Macrojet and the souped-up Codeboxes—are selling well and the licencing agreement in the US gave a hefty shift to other operating income. Domino is working hard to diversify into address *labelling from its base of bar* code and sell-by date printing on supermarket goods and this year its profits should have little difficulty in climbing to £4.5m. The prospective p/e at 16.5 might seem a bit stiff for the electronics sector but the growth record seems to justify it.

Assoc. Fisheries rises by 20%

THE COLD storage and distribution division was a leading contributor to the 20 per cent increase in profits at Associated Fisheries in the year to the end of September 1986. The directors added that the result also reflected the expansion of its principal activities which also include food processing and engineering replacing the distant water trading which was ended during the year.

Turnover rose by 13.9 per cent to £97.23m (£85.39m) with pre-tax profits of £4.12m, against £3.43m. Earnings per share improved *from* 10.83p *to* 17.63p and the total payment is being raised to 4p (3.25p) with a proposed final dividend of 3.5p (3p).

Directors added that there were significant improvements by the food processing and trading companies and the fast food division. The fishing partnership vessels benefited from higher fish prices and agency results were helped by the acquisition of Highland Fuels.

Gross profit came out at £16.94m (£14.3m) with operating profits of £3.36m (£2.46m). Investment income, which contained a substantial surplus on the disposal of certain US investments was little changed at £1.57m (£1.58m) and last time there was a share of related companies' profits of £2,000.

The interest charge rose from £807,000 to £802,000.

Tax was £90,000 (£1.5m), minorities took £5,000 (£4,000) and there was an extraordinary credit of £58,000 (£927,000).

Directors said the engineering subsidiary, Aberdeen Jig & Tool was affected by contraction in demand from the North Sea oil industry.

Klearfold suffers from insufficient capacity

FAILURE OF the new production facility at Louisa, Virginia, to be operational on time cost Klearfold some $1.5m in sales and in excess of $1m in profits in the second half of 1986.

Therefore, the pre-tax profit for the full year came to only $15,000 (£9,750) compared with $1.87m, on a turnover of $18m ($19.6m).

The directors are paying a *final* dividend of 3.1 cents, making 4.7 cents gross, from earnings of 0.1 cents (14.1 cents).

Klearfold is a US plastic display packaging manufacturer which gained a London *listing* a year ago. The directors were optimistic for the second half because the backlog of orders was expected to be taken up by the extra facility at Louisa.

Unfortunately, the overworked Warrington, Pennsylvania, factory had to satisfy all requirements, and that led to a serious erosion of manufacturing margins through excessive overtime, shorter machine runs with more down time and a high percentage of scrap.

But the Louisa facility was now fully operational and the advanced new plant working well, the directors said. Modernisation of the Warrington factory was substantially concluded, and the expanded production base would *help* in meeting the continued demand.

Tranwood up to £0.2m

Tranwood Group, which made an unsuccessful bid for Aitken Hume last year, lifted pre-tax profits by 22 per cent to £219,000 for the 11 months ended December 31 1986, against £180,000 for the year ended January 31 1986.

As well as pursuing opportunities for diversification, Mr *J. N. Oppenheim, the* chairman, said the board had paid particular attention to establishing strong administrative and control procedures throughout the group, and while costs had necessarily been incurred, he was confident the group was properly positioned to meet future challenges.

Turnover for the year improved from £5.92m to £6.14m.

The pre-tax result was after an exceptional debit of £25,000, being an ex gratia payment to Mr M. A. C. Buckley, the former *chairman (credit £42,000).*

Tax took a higher £84,000 (£33,000), and there was an extraordinary debit of £247,000 (£4,000), being the cost involved in the group's unsuccessful offer for Aitken.

Earnings per 5p share fell from 0.47p to 0.32p, and again there is no dividend. The last payment was in 1976.

The chairman said that Bear Brand Hosiery had made significant progress in its efforts to improve profitability and increase its share of the market. While turnover increased by 14 per cent, pre-tax profits before exceptional items rose to £394,000 (£134,000).

ELECTRONIC MACHINE Company (optical systems, tracking radar and electronic devices maker): Its shares which were suspended at 85p in mid-November, yesterday resumed trading after the company announced that discussions which could have led to a major acquisition had been terminated—and immediately dropped 20p. Directors *said no significant* costs had been incurred by the company and they were continuing to examine a number of other possible purchases.

BOARD MEETINGS

TODAY

Interims: Ariel Industries, Bristol Channel Ship Repairers, Bromsgrove Industries, Clogau Gold Mines, Andre De Bratt, J. and J. Dyson, Ewart New Northern, Globe Investment Trust, Hallite, Haynes Publishing, Highgate and Job, Nesco Investments, Nordic Investment Trust, Scottish English and European Textiles, William Sommerville, Watshams, Joseph Webb, Wholesale Fittings.

Finals: A. and P. Appledore, Heavitree Brewery, Omnitech, Plastic Construction.

FUTURE DATES

Interims—	
Elsco Holdings	Feb 25
Impala Platinum	Feb 17
Finals—	
Birmid Qualcast	Feb 12
Phoenix Property and Finance	Feb 3
Scottish Eastern Invest. Trust	Feb 16
Ward Holdings	Feb 19

Argyle Trust receptive to bid proposals

ARGYLE TRUST, which provides a *range of financial* services including life insurance, lifted taxable profits by 8.3 per cent to £708,000 in the year to end-December 1986. The dividend is doubled to 3p.

The directors reported that the company's business expanded rapidly during the period. Secured consumer loans outstanding at the year-end increased from £12.7m *to £24.6m* and the revenue from this growth would be reflected in the 1987 accounts.

Consequently, the directors expressed confidence and stated that the outcome for the current year "will be most satisfactory."

Income totalled £4.03m against £3.63m last time. There was a tax credit of £5,000 compared with a charge of £201,000 in the previous years. Extraordinary items accounted for £64,000 (£715,000). Stated earnings per share increased to 3.34p (2.11p).

Argyle, which had received numerous, and so far abortive, approaches from various third parties interested in acquiring a stake, or in purchasing the entire equity capital, stated that such an involvement could, certain circumstances, materilly enhance growth prospects. All such future propositions would be examined in detail, the directors said.

Argyle is again to request its shareholders to consent to the company buying in its own shares in the market.

Equipu rises

Equipu, office equipment and computer group, reported pre-tax profits for the six months to October 31, 1986 *up from* £655,000 to £803,000 on turnover of £13.95m against £11.01m. After the end of the period the company was taken over by Sketchley in an agreed bid.

Earnings per 10p share came out at 7.36p (5.14p) and the interim payment was raised from 1.6p to 2p. Directors said that last year's problems were over and all businesses were performing well.

HILL SAMUEL GROUP: FAI Insurances announced it was interested in 11.83m *shares* (12.8 per cent).

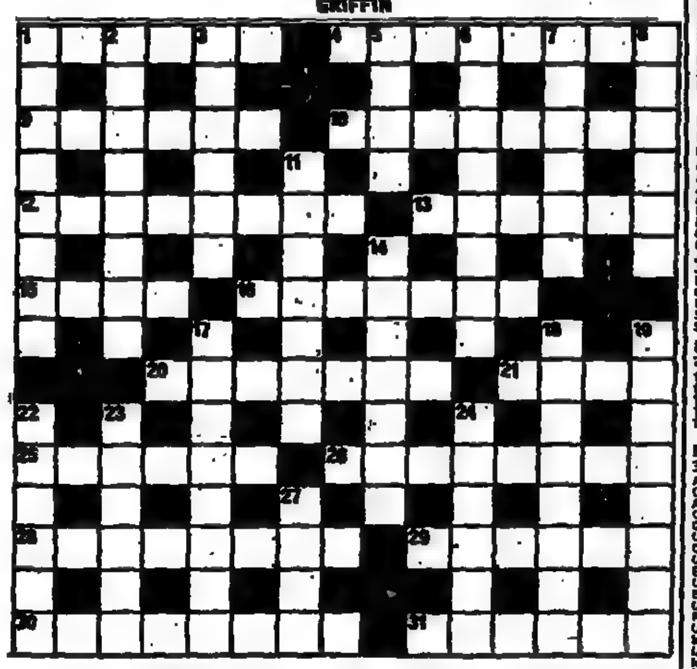
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,240

GRIFFIN



ACROSS

1 Worn by mum and bouncing baby (6)
4 Imposing on James, it upset many (8)
9 Detailed to be silent about National Insurance return (6)
10 In pen, poor Ian admitted stupidity (8)
12 Dope crashes into car on first cycle (8)
13 "In bed with broken leg" he grunts (6)
15 One way to hold a stick (4)
16 Dealt with the wrapper on the concise edition (7)
20 Irritated by a shocking green front door (7)
21 Broken oar left for examination (4)
25 Mowed a ploughed field (6)
26 Showing haughty disregard for Charles I supporter (8)
28 Evergreen European flower found around Rocky Lane (8)
29 Put it back in the nightlight movement (6)
30 Girl caught between two men causes pain (8)
31 Engineers test diversion around Somerset town (6)

DOWN

1 Academy remains open on July 4 (8)
2 Ban moral type, which is extraordinary (8)
3 Note saying "coming up to bed?" (6)
5 Pawnbroker's wife? (4)
6 Face worker after chopper is returned by inspector (8)
7 Filter off a small amount (6)
8 Sebastian holds up miniature animal (6)
11 I got into a bunk, being narrow-minded (7)
14 Individual continually putting in salt (7)
17 "It means I can't drop off Simon," Ian exploded (8)
18 Detailed mechanic to give address (8)
19 Musician takes wine home in it (8)
22 Polite doctor takes drunk round front of hospital (6)
23 It pictures people before God arrived (6)
24 Not allowed a newspaper before making the stew (6)
27 Become engaged to the mine leader she upset (4)

Solution to Puzzle No. 6,239

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation			
Equity	357.5	378.3	+0.5
High Income	306.5	324.3	+0.6
Property	216.6	229.2	
Managed	258.6	273.7	+0.8
Deposit	177.0	187.3	-0.1
Gilt	180.0	190.5	-0.2
American	260.6	275.8	+3.0
International Money	200.7	212.4	+0.9
Index	109.1	115.4	
Far East	211.2	223.5	+0.5
Global	103.8	109.8	-0.1
European	108.8	115.1	-0.9
Japan	116.9	123.7	+2.4
Residential Property	96.7	102.3	
2nd Series Pension Accumulation			
Equity	570.2	603.4	+1.1
High Income	365.2	386.5	+1.0
Property	304.1	321.8	
Managed	374.5	396.3	+1.4
Deposit	263.4	278.7	
Gilt	254.4	269.2	-0.2
American	410.3	434.2	+5.3
International Money	288.7	305.5	+1.8
Index	120.0	127.0	
Far East	233.5	247.1	+0.6
Global	106.3	112.5	-0.2
European	112.6	119.2	-1.1
Japan	123.0	130.2	+3.1
Residential Property	97.4	103.1	
Other Funds			
Equity Units		76.63	+0.12
Property Units		22.87	
Equity Bond/Exec	47.54	50.31	+0.09
Property Bond/Exec	30.90	32.70	
Balanced Bond/Exec	36.40	38.52	+0.12
L&E SIF 1	120.5	127.5	+0.5
L&E SIF 2	78.5	83.0	+0.5

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	115.0	122.0	
Risk & Reward Bond	150.0	158.0	
Murray Johnstone Fd	135.0	143.0	
Money Market Fd	110.0	116.0	
Investment Strategy Fd	98.0	104.0	
Predictor Fd	95.0	100.0	

Devonshire Life—Contd.

Money	100.5	105.9	
Pen Managed	130.7	137.5	+0.3
Pen World Growth	101.2	106.6	-0.4
Pen UK Equity	142.5	150.1	+0.6
Pen UK Small Co.	133.0	140.1	+0.6
Pen European	102.8	108.3	-1.8
Pen Far Eastern	211.0	222.2	-0.8
Pen Nth American	93.3	98.3	+0.2
Pen Fixed Interest	109.7	115.6	+0.1
Pen Index Lnkd Stks	100.8	106.2	+0.1
Pen Money	105.3	110.9	

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

Secure Fund	104.3	109.8	
Blue Chip Fund	132.2	139.2	+0.2
Performance Fund	159.7	168.2	+0.2
Adventurous Fund	155.5	163.7	+0.5
Pensions Secure	95.5	100.6	
Pensions Blue Chip	101.3	106.7	+0.2
Pensions Performance	102.6	108.1	+0.2
Pensions Adventurous	103.7	109.2	+0.4
Pensions With Profits	99.4	104.7	+0.1

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	173.1	182.5	+0.8	4.13

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	179.6	189.0
Fd of Inv Trts	149.3	157.2
Gilt & Fixed Int	115.8	121.9
High Income	165.0	173.7
Intnl Growth	111.5	117.4
Managed	135.7	142.8
Money	109.1	114.8
North American	123.4	129.9
Pelican	153.9	162.0
Property	107.5	113.2
Special Sits	159.3	167.7
School Fee Managed	148.9	156.7
Pension Funds		
Far Eastern	205.8	216.6
Fd of Inv. Trts	164.9	173.6

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange
Royal Exchange, EC3 01-283 7101

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $21.10 | +0.23

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $18.28 | -0.11
Inv. Adv., M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey 0481 23765
Japan Mkts Growth ... $11.01 | -0.03

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $19.22 | +0.16
Dynamic Grwth Fd ... $21.44 | +0.30

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $12.46 13.16

Money Market Trust Funds

	Gross	Net	Gr Equiv. CAR	Int Cr
Charities Aid Funds Money Mngmt Co Ltd Staple Hall, Stone Ct, Houndsditch, EC3 01-283 8461				
CAFCASH Call Fund	10.67	7.98	11.22	3-mth
CAFCASH 7-day Fund	10.52	7.87	11.30	3-mth
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.70	11.14CAR		3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	10.64	7.98	11.61	[illegible]
7-day Fnd	10.59	7.92	11.57	[illegible]
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.46	7.97	11.45	6-Mth
7-day Fund	10.54	7.89	11.34	6-Mth
Dollar	5.00	3.74	5.54	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv. CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031 225 8484				
Full Service Chq Acc	10.25	7.50	10.66	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.85	7.83	11.10	Qr
HumeChq (£1000-£5000)	10.40	7.60	10.90	Mth
Hgh. Int. Chq. £5,000+	10.25	7.50	11.16	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD. 01-626 2066				
High Int. Cheque Acc	11.00	8.23	12.03	Mth

NOTES—Gross, rate to those exempt from composite rate of tax. Net, actual rate after deduction of CRT. Gr Equiv CAR Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	6
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	48
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	56
Hawker Sidd.	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page

COMMODITIES AND AGRICULTURE

Support grows for looser ties on EEC farm policy

BY TIM DICKSON IN BRUSSELS

THIS WEEK'S CALL by Mr Ignaz Kiechle, the West German Farm Minister, for more "regionalisation" of the EEC's Common Agricultural Policy (CAP) revives an old issue which seems certain to receive more attention in the coming months.

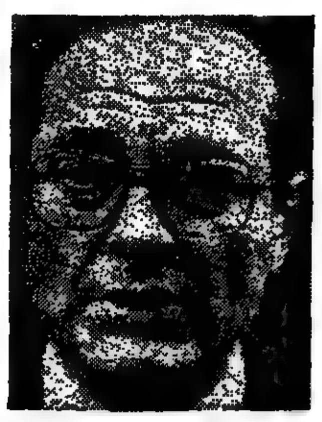
While partly interpreted as a *ploy to keep his post following* last weekend's federal elections in Germany, Mr Kiechle's appeal for "more room to manoeuvre, nationally," will strike a sympathetic chord in some, but not all, member states and add to an important debate currently going on behind the scenes in Brussels.

The fact is that while the CAP retains a mystique as the only genuine *common* policy administered by the EEC—common support prices, market management and a relatively free movement of farm products across national borders—there have always been a string of examples of extra subsidies provided directly to farmers by member states.

One of the best known and most blatant—it was agreed by the Council of Ministers following the important agri-monetary deal in 1984 which ended the creation of new positive monetary compensatory amounts (export subsidies for strong inspiring countries)—is the West German scheme for financing up to 5 per cent of farmers' VAT payments.

As seen from Brussels, the worry is that over the past few months the "renationalisation" trend would appear to be gathering pace.

The Farm Council in December endorsed a provision for extra "voluntary" payments to be made from national exchequers to dairy farmers forced to give up milk production. Late last month Mr Jacques Chirac, the French Prime Minister, announced a financial package of FFr 1.8bn (£190m) for French farmers to be paid during 1987—money, he said, which would compensate for the fall in farm incomes between 1982 and 1986. And this week Mr Kiechle, who had previously been hinting along similar



Mr Jacques Chirac . . . granted aid to French farmers.

lines, suggested publicly that national resources could be used for "structural" purposes and for paying direct income aids to the worst affected farmers.

Far from throwing their hands up in horror as they might have done a year or two back Mr Frans Andriessen, the EEC Commissioner, and his colleagues accept that *conditions have changed* and are studying ways in which these developments can best be turned to the Community's advantage.

The EEC's worsening budget crisis—estimated overspending for this year alone is likely to be around Ecu 4bn (£3m)—is putting increasing pressure on resources. The beef and dairy cuts agreed by Ministers in December and the restrictive prices regime planned for the next marketing year will significantly hit farm incomes, whilst the addition of more Mediterranean products with the admission to the Community of Spain and Portugal makes the job of operating a *common* policy without national support increasingly difficult.

The view of the Commission seems to be that there is nothing wrong with member states supplying the cash provided responsibility for the formulation of policy remains in Brussels. Hence the current preoccupation with drawing up a "framework" agreement which would set out what are and what are not acceptable aid schemes for member states. The idea of joint financing by Brussels and national capitals is also being considered.

What will be resisted will be more fundamental attempts to "repatriate" the CAP—such as the national quota system envisaged in a recent document *published by the spokesmen for* Agriculture in the British Labour Party.

One of the most powerful arguments against regionalisation of farm policy was given last November at a Midland Bank Farm Management lecture by Mr Peter Pooley, Deputy Director General for Agriculture at the European Commission.

"If prices can be topped up in one country and not in another," he said, "you can no longer have free movement of goods. If we and the French *accept just the basic tier of support* for cereals, for instance, but the Germans (who can afford it) decide to treat their people a bit better, they will have to put a tax at the frontier to prevent all UK and French cereals flooding into Germany, and bang goes your Common Market. If we lose hold of the principle of common financing what happens to Greece, with a weak economy and more than 20 per cent of the population dependent on agriculture?"

'Bleak' outlook for aluminium

BY RICHARD MOONEY

THE OUTLOOK for the world aluminium market this year is "bleak, to say the least," and *for next year "poorer still"*. These are the main conclusions of a comprehensive report* on the industry published yesterday by London broker Shearson Lehman Brothers.

Shearson's "best estimate" puts the 1987 price average at 52 cents a lb, down from 52.2 cents in 1986. Its "high" and "low" estimates range between 56 cents and 49 cents a lb. For 1988 it projects a sharper decline with estimates ranging between 54 cents and 44 cents a lb and the "best estimate" at 46 cents.

"*In the absence of further* substantial smelter cutbacks the market seems destined to remain in oversupply for the foreseeable future," the report says.

Non-socialist world production is forecast to rise by 600,000 tones this year and by a further 100,000 tonnes in 1988. And with consumption continuing on a downward trend Shearson predicts surpluses of 450,000 tonnes for this year and 800,000 tonnes for 1988.

Last year lower production in North America and Asia was more than sufficient to outweigh higher output in every other region, and the non-*socialist world total fell* by about 60,000 tonnes to an estimated 12.2m tonnes. But the

NON-SOCIALIST WORLD SUPPLY AND DEMAND FOR PRIMARY ALUMINIUM (million tonnes)

	Production	Consumption
1988*	12.90	12.20
1987*	12.80	12.45
1986†	12.20	12.50
1985	12.26	12.68
1984	12.74	12.58

* Forecast. † Estimated.

North American decline was entirely due to smelter cutbacks and strike actions in the US, Shearson points out. Canadian output continued to climb steadily. In Asia the decline in Japanese primary aluminium output "continued apace," the report says, and production slipped further to less than 21 per cent of the level in 1981, when the country was the third largest producer in the non-socialist world.

On the consumption side increased usage in most areas was more than offset by cuts in the US and Japan, the report says. These two countries account for between 45 and 50 per cent of total primary consumption in the non-socialist world, "so relatively minor changes in their levels of demand have a marked impact on the total," it points out.

US and Japanese demand levels are expected to fall further in the coming two years, a trend that Shearson expects to be aggravated by increasing substitution of primary metal with recycled supplies.

Aluminium prices outside the US could come under extra pressure if, as Shearson believes, further dollar weakness is in prospect.

On the London Metal Exchange, however, short-term supply tightness caused by increased activity in the options market could result in "several squeezes . . . during the first half of the present year," the report suggests. "*Nevertheless*, no sustained increase is in prospect."

* *Annual Review of the World Aluminium Industry 1987, from Shearson Lehman Brothers, Peninsular House, 36 Monument Street, London EC3R 8LJ.*

ITC states in moves to counter debt claims

By Raymond Hughes, Law Courts Correspondent

ALL 22 member states of the insolvent International Tin Council are making their first legal moves to counter attempts to have them held liable to pay the ITC's multi-million pound debts.

The Department of Trade, *acting for the UK Government*, has issued six High Court summonses to strike out so-called direct actions by bank creditors of the ITC.

They contend that the writs issued by Kleinwort Benson, Arbuthnot Latham, Australia and New Zealand Banking Group, Banque Indo-Suez, Hambros and TSB disclose no cause of action against the UK because the member states are not liable for the ITC's debts; also, it is contended, the English court has no jurisdiction to hear the claims.

The department had earlier started similar proceedings in respect of claims by J. H. Rayner (Mincing Lane) and Berisford Metals Corporation, two subsidiaries of S. & W. Berisford, the commodities group.

Lawyers for other member *states and the EEC*, which is also being sued, said yesterday that they had issued summonses in the Rayner case, which had not yet been served on Rayner. They would not say what orders were being sought but it is reasonable to infer that they will ask the court to strike out Rayner's claims against them on the ground that, as independent sovereign states, they have immunity from English legal process.

Rayner was the first ITC creditor to start a direct action against the member states. The timescale involved in serving legal proceedings out of the English jurisdiction on a foreign state means that the banks' actions have not yet reached the stage at which the non-UK governments would be in a position to move to strike them out.

Newmont plans gold output boost

NEWMONT MINING Corporation says Newmont Gold Company's 1987 production is planned to increase by more than 20 per cent over the 1986 level to 577,000 ounces.

Throughput at both the company's mills is being increased, leach tonnage will nearly double and the company is changing to a seven-day, three-shift mining schedule from its previous five-days-a-week mining schedule.

During 1986, Newmont gold's production and sales more than doubled fro mthe 1985 level and gold reserves climbed 40 per cent despite the record amount of production.

Newmont Mining says Newmont Gold's $5.8m 1986 exploration programme results i nthe increase in its proven and probable reserves to 12.3m ounces from 8.7m.

In Australia it opened the 60 per cent owned New Celebration gold mine and expanded production at its 70 per cent owned Telfer gold mine during 19886.

LME to meet on clearing system

THE LONDON Metal Exchange (LME) will update its members on moves to change to a clearing house system of trading at a meeting on February 10, reports Reuter.

The exchange has not yet set a firm date for a switch to trading futures on a clearing house basis. Currently it trades a principals contract.

Clearing of the LME will be handled by the International Commodities Clearing House (ICCH) and the LME chief executive, Mr Michael Brown, has told members that as soon as possible after the introduction of a clearing system member firms will begin electronic input of trading data via terminals.

Brazilian farmers plan price protest

BRAZILIAN farmers, including many *coffee growers*, will stage a major protest rally in Brasilia on February 12 to press for highre prices for their products and lower interest rates, farmers' leaders said, reports from Sao Paulo.

The decision was taken at a meeting in Sao Paulo on Wednesday of the *farming lobby* umbrella group Frente Ampla da Agropecuaria, which groups 70 organisations and says it represents 90 per cent of Brazilian agriculture.

US hardens its position on coffee export quotas

THE US has hardened its position against reintroduction of International Coffee Organisation (ICO) export quotas, the assistant trade representative, Mr Jon Rosenbaum, said in New York, reports Reuter.

He said the Reagan Administration is refusing to negotiate new quotas or back legislation allowing the US to enforce quotas *unless exporters agree* not to restrict exports outside the ICO.

"At this point, the US will not participate in any quota allocation negotiations of the (ICO) Council," he declared.

The US, objected, saying it was a collaboration that violated the spirit of the ICO.

Mr Rosenbaum said US trade officials have since met with the producers, but producers did not agree to make the promise

Producer members of the ICO, meeting Wednesday in London, agreed on the need to re-*introduce quotas as soon* as possible, maintaining the individual quota percentage of each producing nation under an agreement that technically expired in September, 1986.

Australian growers reject wool gloom

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIAN WOOL growers yesterday reacted sharply to gloomy new projections for the currently bouyant industry from the *Government's* agricultural think-tank.

The projections, made by the Bureau of Agricultural Economics at its Annual Outlook Conference in Canberra, foreshadow a 20 per cent decline in prices in real terms over the next four years, largely because of oversupply.

Mr David Asimus, chairman of the Australian Wool Corporation and a grower himself, promptly rejected the analysis as "unaccetable and wrong". The challenges were great he admitted, but the industry would respond.

According to another well-known grower, Mr Hugh Beggs, Australia must now increase its share of the wool market for the industry to remain viable. He strongly criticised the Government for its "ineffective" management of the economy.

The controversy is important because wool is Australia's largest rural export earner. The country produces 40 per cent of world output of clothing-type wools and has 70 per cent of the trade in them.

Continuing strong demand has pushed wool prices to high levels despite a 22 per cent increase in production over the past four years, making wool one of the few bright spots in a bleak Australian agricultural picture.

The main wool price indicator is expected to average a high 590 Australian cents per kg this season, and quite possibly more. Behind the demand is the significant depreciation of the Australian dollar since early 1985

According to the BAE, however, low cotton and synthetic prices will keep the wool price down in the medium-term, and continued increases in sheep numbers are likely. More controversially, the BAE is also projecting the currency to strengthen.

● Australian wheat farmers face a serious financial crunch if, as expected, world stocks go on rising and export prices continue to fall, the Agricultural Outlook conference was told yesterday.

Experts from the Australian Wheat Board and the US Department of Agriculture agreed that there was no immediate prospect of a strengthening in prices.

This was because the 1986-87 world wheat crop was the largest on record, and world stocks, at 175m tonnes, are now equivalent to two years' world trade and one-third of annual consumption.

Despite *the trend*, the Australian Wheat Board said *it* marketed a record 16m tonnes of wheat in the year to last September, the only exporter to increase market share.

But it put the country's export tonnage for 1986-87 at about 15m tonnes. With the Government's guaranteed minimum price down some A$20 at around A$130 per tonne, and a lower level projected for next year, financial stresses for farmers are expected to increase.

If the currency firms as well, returns could decline further as farmers lose the cushion provided by the dollar's depreciation, which softened the impact of the fall in world prices.

According to the Bureau of Agricultural Economics, average returns to wheat farmers in 1987 will be some 25 per cent below those of 1985. It says many already cannot meet increased wage and other costs, despite the current good season, and must now start living *off capital or go out* of business.

One force behind the weakness of the world market is a major fall in import demand, chiefly because the Soviet Union has boosted production and reduced imports, but also because of self-sufficiency policies in countries like China and India.

LONDON MARKETS

BUYERS continued to give the *London Metal Exchange* zinc market a wide berth yesterday although European smelters resisted the temptation to follow the $50 list price cut announced on Wednesday by Metallgesellschaft of West Germany. The cash price closed £8.75 down at £472.25 a tonne—a nine-month low—while the three months position lost £7.25 to £468 a tonne. Dealers described the tone at the close as "steady," however, partly reflecting sterling's easiness against the dollar. The uncertain tone which has characterised the coffee market this week was still in evidence yesterday when the March poistion lost all but £1 of Wednesday's £26 rise. Dealers attributed the decline to fresh producer selling and a lack of fundamental news. Roasters were thought to be well stocked, they added.

LME prices supplied by Amalgamated Metal Traders.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	785-7	+2.0	784/782
3 months	794.5-5	+1.0	795/790

Official closing (am): Cash 783-4 (775-7): three months 791.5-2 (783.5-4): settlement 784 (777). Final Kerb Close: 794-5. Turnover: 6,900 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	871.5-2.5	—2.75	872/872
3 months	893-4	—2.75	895/891

Official closing (am): Cash 871.5-2.5 (878-9): three months 894-4.5 (900-0.5): settlement 872.5 (879). Final Kerb Close: 893-4.

Standard			
Cash	848-58	—6.5	—
3 months	872-5	—5.0	—

Official closing (am): Cash 850-1 (857-60): three months 873-5 (879.5-80): settlement 851 (860). US Producer prices 64.25-67.50 cents per pound. Total turnover: 11,050 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	295.5-6.5	+0.75	296.5/296.5
3 months	297-8	+2.75	300/297

Official closing (am): Cash 292.5-3 (291.5-2): three months 297-7.5 (293.75-4): settlement 293 (292). Final Kerb Close: 296-7. Turnover: 7,800 tonnes. US Spot: 24.00-27.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2330-40	—5.5	2320/2320
3 months	2375-80	—5.0	2380/2380

Official closing (am): Cash 2315-20 (2330-40): three months 2377-8 (2378-80): settlement 2320 (2340). Final Kerb Close: 2375-80. Turnover: 988 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	472-2.5	—8.75	473/470.5
3 months	467-8.5	—7.25	474.5/466

Official closing (am): Cash 470.5-1 (482.5-3): three months 469-70 (480-0.5): settlement 471 (483). Final Kerb Close: 467-8. Turnover: 8,750 tonnes. US Prime Western: 40.00-44.75 cents per pound.

TIN

Kuala Lumpur Tin Market: Close — (——) ringgit per kg.

GOLD

Gold fell just $½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $408¾-409¼. The metal opened at $410½-411 and traded between a high of $411-411½ and a low of $408½-409¼. Once again trading was influenced by movements in the dollar and fears of central bank intervention to support the US unit encouraged lightly selling during the afternoon.

GOLD BULLION (fine ounce) Jan. 29		
Close	$408¾-409¼	(£265¾-266¼)
Opening	$410½-411	(£266½-267)
M'n'g fix	$411.00	(£266.684)
Aft'n'n fix	$409.70	(£265.955)

GOLD AND PLATINUM COINS		
Am Eagle	$423-427	(£274¼-277¾)
Maple leaf	$419½-423¾	(£273-275¾)
Kr'g'r'nd	$412-415	(£268-270)
½ Krug	$211-212	(£137¼-138)
¼ Krug	$104-106	(£67¾-68¾)
Angel	$416½-421½	(£272¼-274¼)
1/10 Angel	$41¼-46½	(£27-30¼)
New Sov.	$98-101	(£63½-65¾)
Old Sov.	$98-99½	(£63¾-64¾)
$20 Eagle	$440-490	(£286¾-318¾)
Noble Plat	$545-551	(£353¼-358¾)

SILVER

Silver was fixed 6.15p an ounce lower for spot delivery in the London bullion market yesterday at 364.0p. US cent equivalent of the fixing levels were: Spot 560.7c, down 12.3c; three-month 569.15c, down 12.15c; six-month 577.4c, down 12.7c; and 12-month 594.25c, down 12.75c. The metal opened at 362½-364½p (558-561c) and closed at 363½-365½ (559-561c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	364.00p	—6.15	364p	—6.25
3 months	373.95p	—5.85	374p	—
6 months	383.30p	—5.8	—	—
12 months	401.20p	—7.2	—	—

LME—Turnover: 5 (27) lots of 10,000 oz.

Three months high/low 372p, final kerb 373-5p.

SOYABEAN MEAL

Prices remained in narrow range throughout the day with consumer buying underlying the market in quiet conditions, reports Muirpace.

	Yesterdays close £ per tonne	+ or —	Business done
Feb	123.5-131.0	+2.50	—
April	131.5-127.5	+0.50	125.0
June	118.5-119.0	+0.15	118.5-118.5
August	114.7-115.0	—0.45	115.5
October	116.7-117.0	—0.45	117.5-116.5
Dec	118.0-118.2	—0.50	118.0
Feb	121.7-122.5	—0.40	

Sales: 221 (133) lots of 20 tonnes.

INDICES

REUTERS

Jan. 29	Jan. 28	M'th ago	Year ago
1603.7	1607.7	—	1646.3

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 28	Jan. 27	M'th ago	Year ago
Spot	116.18	116.21	—	131.86
Fut	116.79	117.57	—	131.44

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Jan. 29 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1226/1230	+10	$1210/1220
Copper			
Cash Grade A	£872	—4.75	£908
3 mths	£894	—2.75	£932.75
Gold Troy oz	$409	—0.875	$389.75
Lead Cash	£295.25	+0.75	£355.5
3 mths	£297.5	+2.25	£315.5
Nickel			
Free Mkt	164/184c		158/178c
Palladium oz	$124.50	—1	$117.65
Platinum oz	$530.25	—14.75	$472.75
Quicksilver†	$155/165		$158/160
Silver troy oz	364.00p	—6.15	359.45p
3 mths	373.95p	—5.80	368.70p
Tin			
free Mkt	£4460/4490		£4550/4570
Tungsten	$43.18		$42.10
Wolfram 22.04lb	$37/45		$32/42
Zinc	£472.25	—8.75	£561.5
3 mths	£469	—7.25	£544.5
producers	$770/820		$870
OILS			
Coconut (Phil)	$445x	+15	$405
Palm Malayan	$390w		$305
Copra (Phil)	$290x		$250
Soyabean (U.S.)	$149x		$144
GRAINS			
Barley Fut. May	£114.40	+0.35	£115.40
Maize	£145.75w		£142.00
Wheat Fut. May	£118.00	+0.45	£113.15
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1355.5	+6	£1419
Coffee Ft. Mar.	£1598.5	—25	£1654
Cotton A Ind.*	68.10c	—0.6	63.15c
Gas Oil Mar.	$158.25	+1	$147.75
Rubber (kilo)	65p		64.75p
Sugar (raw)	$194y	+9	$146.5
Wooltops 64s	416p kilo	—5	451p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. w Feb. y Feb-March.

COFFEE

A strong close in New York prompted a steady opening in London which could not be maintained, reports Drexel Burnham Lambert. Trade selling emerged as comission house buying tried to push levels through recent highs. The selling was persistent throughout the day and slowly pushed levels up to £41 lower from the opening highs. Light price-fixing was easily absorbed and the market closed on the lows but still within the recent trading range.

COFFEE	Yesterday's close	+ or —	Business Done
Jan	1578-1582	—35.0	1635-1582
Mar	1598-1599	—25.0	1640-1599
May	1610-1611	—16.0	1645-1610
July	1640-1645	—10.0	1665-1635
Sept	1665-1670	—10.0	1690-1665
Nov	1690-1695	—10.0	1715-1692
Jan	1700-1720	—10.0	1750-1740

Sales: 3,823 (2,769) lots of 5 tonnes. ICO indicator prices (US cents per pound) for January 28: Comp daily 1979 120.46 (118.22); 15-day average 117.86 (117.97).

COCOA

Following an unchanged opening futures rallied £17 during the afternoon before trade profit-taking pared the gains on the closing call. With both producers and consumers withdrawn only light second-hand business was noted, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
March	1325-1326	+6.0	1333-1319
May	1353-1354	+6.0	1364-1348
July	1383-1385	+6.0	1384-1378
Sept	1412-1413	+7.0	1421-1408
Dec	1440-1441	+4.0	1446-1433
March	1470-1472	+7.0	1468-1463
May	1488-1493	+7.5	1500-1493

Sales: 3,328 (2,980) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for January 29: 1,532.50 (1,520.23): five-day average for January 30: 1,565.86 (1,570.73).

POTATOES

The market opened £1.00 down following an easier Dutch quote, but buying support was again evident at £154.44 basis April. Values recovered in thin, quiet trade to close slightly up on the day, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Feb	111.50	114.00	—
Apr	155.50	155.00	156.00-154.00
May	179.40	176.80	180.00-178.00
Nov	88.50	88.90	88.50
Feb	97.50	98.50	—

Sales: 248 (688) lots of 40 tonnes.

SUGAR

The advance hesitated following reports that Mexico had sold 50,000 tonnes of old crop low quality whites, reports C. Czarnikow.

No. 6 Contract	Yest'rdy's close $ per tonne	Previous close	Business done
Mar	178.0-178.2	177.2-177.5	181.8-178.2
May	178.2-178.6	178.4-178.8	185.0-175.2
Aug	177.4-179.0	178.8-181.0	184.0-178.2
Oct	178.2-173.8	181.8-182.0	186.0-178.2
Dec	181.0-185.0	182.8-184.8	186.0
Mar	185.4-186.4	188.8-190.8	192.8-187.2
May	188.0-191.0	191.8-195.8	

Sales: 3,318 (5,082) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £231.50 (£205.00) a tonne for export.

LONDON DAILY PRICE—Raw sugar $194.00 (£128.00), up $9.00 (up £6.50) a tonne for February-March delivery. White sugar $211.00, down $6.00.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for January 28: Daily price 7.03 (7.48); 15-day average 6.60 (6.44).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	853/865	864/862	858/861
April	788/789	789/781	775
July	660/665	666/663	661
Oct.	775	778/770	785/757
Jan.	788/790	790/789	785/800
Apr.	795/830	—	780/815
July	670/700	—	670/710
Oct.	780	780	770/830
BFI.	866.5		863.5

Turnover: 183 (122).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.65p per kg lw (—1.85). GB—Sheep 186.65p per kg est dcw (—20.71). GB—Pigs 73.70p per kg lw (—1.58).

OIL

In a very thin market March Brent traded between $18.20 and $18.25. Several cargoes of North Sea crude for first-half February loading have been sold this week. March WTI opened 3c down on Nymex but traded 12c up at 1.30 pm EST after trading in a narrow 14c range. In the petroleum products market prompt gas oil weakened against forward period on ample availability. Gasoline was quiet. Fuel oil and naphtha firmed on good buying interest — Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.15	+0.05
Brent Blend	18.30-18.40	—
W.T.I. (1pm est)	18.65-18.75	+0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	170-173	—1.5
Gas Oil	158-160	—4
Heavy fuel oil	94-96	+2
Naphtha	162-164	+4.5

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or —	Business Done
Feb	158.50	—1.50	159.50-58.00
Mar	156.25	+1.00	156.50-57.00
Apr	154.75	+1.25	154.75-53.75
May	150.75	+2.25	151.50-49.00
June	150.50	+2.00	151.00-49.50

Turnover: 3,518 (3,763) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or —	Business Done
Feb	96.00	—	96.00
Mar	95.25	—0.75	96.00-95.25
Apr	93.00	—0.75	94.00-93.00

Turnover: 12 (25) lots of 100 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 65.00p (same), March 64.00p (same); April 64.00p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 — (229) and SMR — (205).

FUTURES—Index 655, March 680-690, April 682-692, April/June 685-695, July/September 690-705. Sales: Nil.

US MARKETS

CRUDE OIL futures featured good commercial buying in the spot contract (February) as the trade rolled positions into forward contracts, reports Drexel Burnham Lambert. This was reflected in the narrowing of the February/April switch and was sufficient to rally the market overall in the face of local selling. The precious metals were al thinly traded with initial weakness against the stronger dollar being reversed as major uptrend lines were held, prompting short-covering. The coffee market finished lower and wase unaffected by the news of the resignation of the IBC president, Mr Paulo Graciano. Good trade support in sugar futures between 7.80c and 7.70c, basis March, was sufficient to hold the market in a narrow range for much *of the day, but selling in the* back months late in the session indicated the possibility of weaker prices to come. Continued Brazilian price-fix selling in cocoa futures was sufficient to overcome speculative short-covering against the dollar, and late long-liquidation further weakened prices. Grains were generally quiet, with wheat steady as commercial hedges were placed in Chicago, possibly against a purchase of wheat by Poland. Maize and soyabean meal were featureless, while good demand and strengthening cash premiums in the soyabeans and oil prompted steadiness in the futures markets as commercial buying emerged. Cattle futures continued to slide as the technical reaction to recent steadiness continued, while pork bellies also fell on lacklustre demand.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	53.95	—	—	53.85
March	53.95	54.20	53.90	54.00
May	53.95	—	—	54.00
July	53.90	53.80	53.85	53.85
Sept	53.85	—	—	53.80
March	54.55	—	—	54.50
May	54.65	—	—	54.60

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
March	1833	1850	1831	1824
May	1874	1891	1873	1866
July	1904	1922	1901	1899
Sept	1935	1952	1934	1929
Dec	1970	1990	1970	1958
March	2002	—	—	1986
May	2020	—	—	2012

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	124.11	126.40	124.00	127.80
May	126.85	128.50	126.20	130.00
July	128.70	131.15	128.65	132.60
Sept	130.75	133.50	130.75	134.14
Dec	133.50	135.50	133.50	136.51
March	134.38	134.50	134.50	134.50
May	134.88	—	—	135.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	60.50	—	—	60.45
March	61.20	61.25	60.45	60.75
May	61.70	61.75	60.95	61.25
July	62.20	62.20	61.50	61.75
Sept	62.60	62.55	62.55	62.15
March	63.95	63.95	63.45	63.50
May	64.25	—	—	63.80
July	64.55	—	—	64.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	54.30	54.95	53.70	55.15
May	53.60	54.25	53.30	54.48
July	53.25	53.90	53.20	54.15
Oct	52.95	53.77	52.95	53.90
Dec	52.75	53.60	52.75	53.75
March	53.10	54.15	53.10	54.15
May	53.77	—	—	54.65

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
March	18.66	18.72	18.55	18.55
April	18.54	18.58	18.43	18.46
May	18.36	18.41	18.28	18.30
June	18.15	18.18	18.05	18.10
July	18.02	18.06	17.98	17.99
August	17.90	17.99	17.85	17.92
Sept	17.90	17.95	17.90	17.86
Oct	18.00	18.00	17.90	17.88
Dec	18.05	—	—	17.98

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	412.6	413.0	408.5	410.6
March	414.2	413.0	412.0	412.3
April	416.6	417.2	412.8	414.7
June	420.5	421.0	416.5	418.6
August	424.3	424.0	421.2	422.4
Oct	428.0	426.0	425.0	426.1
Dec	431.7	430.0	427.1	429.8
Feb	435.6	434.0	432.5	433.7
June	443.4	441.4	441.4	441.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	51.45	51.65	50.80	51.07
March	51.90	52.10	51.12	51.12
April	50.75	50.90	50.15	50.15
May	49.50	49.60	49.10	48.98
June	48.50	48.60	48.00	47.98
July	48.40	48.40	48.20	47.90
August	48.65	48.80	48.60	48.40

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	119.50	120.50	118.40	118.15
May	120.33	120.65	119.30	119.00
July	120.95	121.25	119.80	119.65
Sept	121.95	121.50	121.00	120.60

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	531.8	—	—	531.5
April	534.3	537.5	529.0	534.0
July	538.0	541.0	533.0	537.7
April	551.0	—	—	550.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	562.5	560.0	560.0	560.7
March	565.5	567.0	561.0	563.5
May	571.3	572.5	567.0	569.3
July	577.0	578.0	572.5	575.0
Sept	583.0	582.0	580.0	581.0
March	600.8	598.5	598.5	598.8
May	607.2	—	—	605.0
July	613.9	—	—	611.5

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	7.85	7.88	7.75	7.91
May	7.93	8.03	7.87	7.98
July	7.94	8.05	7.92	8.02
Sept	7.89	8.00	8.00	8.03
Oct	8.00	8.13	8.00	8.13

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	62.22	62.65	61.70	62.07
April	61.57	62.07	61.55	62.00
June	60.00	60.35	59.90	60.27
August	57.92	58.20	57.85	58.32
Oct	56.50	56.90	56.50	56.75
Feb	57.00	57.50	57.00	57.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	50.20	50.35	49.30	49.82
April	45.30	45.65	44.65	45.12
June	47.30	47.50	46.70	47.00
July	47.05	47.27	46.60	46.90
August	44.40	44.50	44.20	44.57
Oct	40.57	40.90	40.45	40.87
April	38.60	38.70	38.60	38.70

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	156.0	157.0	155.2	155.6
May	162.2	163.0	161.4	161.6
July	167.0	167.2	166.0	166.4
Sept	170.4	170.6	169.6	170.0
Dec	175.2	175.2	174.2	174.4
March	182.6	182.6	181.6	182.0
May	185.2	185.2	184.4	184.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	63.25	64.37	63.20	64.20
March	62.55	63.45	62.20	63.12
May	63.22	63.90	62.90	63.82
July	62.30	62.80	62.10	62.67
August	60.60	61.05	60.30	61.25

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	501.2	501.4	498.4	498.4
May	499.6	500.2	497.4	497.4
July	499.2	499.4	497.0	497.0
August	497.6	498.0	495.6	495.4
Sept	487.6	488.2	486.6	484.6
Nov	484.6	484.6	481.6	482.0
Jan	490.4	490.4	488.0	488.0
March	497.2	497.6	496.0	495.6
May	500.6	—	—	498.6

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	143.1	144.1	143.1	143.1
May	140.2	140.9	140.1	140.1
July	139.7	139.9	139.0	139.4
August	138.8	138.6	138.8	139.1
Sept	138.3	138.5	138.2	138.5
Oct	138.0	138.8	138.0	138.5
Dec	139.0	139.2	139.0	139.6
Jan	139.5	139.5	139.6	139.8

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	16.92	17.02	16.60	16.79
May	17.23	17.34	16.92	17.07
July	17.52	17.59	17.19	17.30
August	17.64	17.62	17.22	17.32
Sept	17.60	17.63	17.20	17.35
Oct	17.40	17.50	17.10	17.08
Dec	17.40	17.50	17.08	17.05
Jan	17.32	17.30	17.35	17.05

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	290.4	290.4	286.4	288.0
May	271.0	271.4	268.2	269.0
July	252.2	252.2	250.0	251.0
Sept	251.0	251.0	249.6	251.0
Dec	257.4	257.4	256.0	257.0
March	290.4	290.4	286.4	289.0

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 560.5 (598.0) cents per troy ounce.

GRAINS

Old crop wheat steadied on aggressive merchant and consumer buying with a temporary squeeze reducing the March-May spread, then values again firmed, touching new contract highs. Barley steadied without trading on lack of offers. New crops made a slight recovery on speculative buying.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Mar	115.50	+0.35	112.65	+0.40
May	118.00	+0.45	114.40	+0.50
July	120.25	+0.45	—	
Sep	100.70	+0.20	100.25	+0.35
Nov	102.90	+0.20	103.00	+0.15
Jan	105.75	+0.10	105.75	—

lots of 100 tonnes. Barley: March and

Business done — Wheat: March 115.50-5.15, May 118.00-7.65, July 120.15-20.00, Sept 100.60-0.50, Nov 102.75-2.50, Jan untraded. Sales: 360 lots of 100 tonnes. Barley: March and May untraded, Sept 100.15, Nov 103.00-2.75, Jan untraded. Sales: 14 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: Feb 103.25, March 103.00, April/May 99.25. UK No 2 Soft Red Winter: Feb 105.50. French 11½-12 per cent: Jan 142.00. English feed, fob: Feb 120.00, March 120.50, April/June 122.50 paid East Coast with buyers over, Feb/March 122.00 buyer. Maize: US No 3 Yellow/French, transhipment East Coast, first-half Feb 143.75. Barley: English feed, fob: Feb 115.00 buyer Scottish, 116.50-116.75 English, March 115.75-116.50 buyer/seller Scottish, 117.50 seller English.

HGCA — Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed barley: S East 112.00, S West 114.00, N West 111.00. The UK monetary coefficient for the week beginning Monday February 2 will remain unchanged.

Brazilian sugar output falls

BRAZILIAN SUGAR output fell to 7.54m tonnes in 1986 from the previous year's 7.99m, an official at the Sugar and Alcohol Institute statistics department said yesterday, reports Reuter from Rio de Janeiro.

Alcohol production was also down, at 9.96bn litres from 11.56bn.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar little changed

AFTER a nervous and choppy day the dollar finished virtually unchanged. A report from Tokyo that part of the intervention to support the dollar against the yen, by the US Federal Reserve on Wednesday, was for its own account, lent credibility to Japanese claims that there is an agreement between Washington and Tokyo to put a floor under the dollar.

The rumour about an imminent Group of Five meeting to discuss the dollar was denied, but not forgotten by the market.

These factors provided support for the US currency in very nervous trading, ahead of today's US trade figures. Mr Clayton Yuetter, US Trade Representative, has warned he expects no improvement in the very large deficit. The November shortfall was a record $19.22bn, and market forecasts for December have ranged between $15bn and $20bn.

US durable goods orders have been very volatile, but were expected to fall in December, after rising 5.5 per cent in November. But a rise of 0.9 per cent had little impact.

The dollar closed unchanged at DM 1.7870 and SFr 1.5020, while falling to FFr 5.9625 from FFr 5.9650, and rising to Y151.95 from Y151.65.

On Bank of England figures the dollar's index rose to 103.1 from 102.7.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. December average 1.4887. Exchange rate index closed unchanged at 68.8, compared with 72.1 six months ago.

Sterling was on the sidelines, recovering from early weakness against Continental currencies, to finish little changed on the day. The pound rose 10 points to close at $1.5370-1.5380, and also improved to DM 2.7475 from DM 2.7450; to FFr 9.1675 from FFr 9.1650; to SFr 2.31 from SFr 2.3075; and to Y233.50 from Y233.

NIGERIAN NAIRA—The naira slipped against the dollar for the fourth consecutive week, but central bank intervention limited the fall to 4.9 per cent. The dollar was fixed at 3.8719 naira after the Nigerian central bank added $5m to the $50m originally on offer at the weekly auction. Before the intervention the $50m was exhausted at 3.8995 naira. The rate at the previous auction was 3.6817. The effective rate for transactions in the coming week, including the central bank levy was fixed at 3.8914 naira, against 3.7002 last week.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. December average 1.9890. Exchange rate index 149.6 against 137.6 six months ago.

The D-Mark traded within a narrow range against the dollar yesterday. The rise of 0.9 per cent in December US durable goods orders was better than expected, but had little impact. Dealers were reported to be reluctant to trade heavily ahead of today's US trade figures, because of the sharp swings seen in the market this week. There was also little reaction to the record West German trade surplus of DM 11.6bn in December, compared with DM 10.2bn in November. At the Frankfurt fixing the Bundesbank did not intervene when the dollar rose to DM 1.7823 from DM 1.7754.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.38. December average 162.19. Exchange rate index 209.7 against 217.5 six months ago.

The yen eased slightly against the dollar in quiet Tokyo trading, ahead of tomorrow's US trade figures. A report that the US Federal Reserve had not only bought about $100m on behalf of the Bank of Japan, in New York on Wednesday, but also some $50m on its own account, pushed the dollar up to close at Y152.00 from Y151.20 on Wednesday, and from Y151.55 overnight in New York. It was also reported that the Bank of England purchased about $100m for the Bank of Japan, in London on Wednesday, but dealers detected no intervention by the Japanese central bank in Tokyo yesterday.

£ IN NEW YORK

Jan 29	Latest	Previous Close
£ Spot	1.5385-1.5395	1.5400-1.5410
1 month	0.60-0.57 pm	0.57-0.56 pm
3 months	1.78-1.74 pm	1.79-1.76 pm
12 months	6.20-6.10 pm	6.25-6.10 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Jan. 29	Previous
8.30 am	68.6	69.0
9.00 am	68.5	68.9
10.00 am	68.7	68.9
11.00 am	68.7	68.8
Noon	68.7	68.7
1.00 pm	68.7	68.6
2.00 pm	68.7	68.7
3.00 pm	68.7	68.7
4.00 pm	68.8	68.8

CURRENCY RATES

Jan. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.829030	0.749546
U.S. Dollar	5.5	1.27712	1.15468
Canadian $	8.20	*	1.55188
Austrian Sch.	4	16.0180	14.4819
Belgian Franc	8½	47.1992	42.6826
Danish Krone	7	8.62947	7.79983
Deutsche Mark	3.0	2.27621	2.05879
Neth. Guilder	4½	2.56829	2.31882
French Franc	9½	N/A	6.86743
Italian Lira	12	N/A	1467.59
Japanese Yen	3.0	194.06	175.049
Norway Krone	8	8.86321	7.99324
Spanish Peseta	—	162.625	147.106
Swedish Krona	7½	N/A	7.42687
Swiss Franc	3.5	1.91402	1.72913
Greek Drach.	20½	167.386	151.309
Irish Punt	—	N/A	0.777821

*C$/SDR rate for Jan. 28: 1.71346

CURRENCY MOVEMENTS

January 29	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.8	−25.8
U.S. Dollar	103.1	−3.9
Canadian Dollar	77.6	−10.8
Austrian Schilling	140.4	+10.9
Belgian Franc	101.2	−3.9
Danish Krone	94.5	+5.1
Deutsche Mark	149.6	+25.3
Swiss Franc	173.5	+22.7
Guilder	136.7	+15.6
French Franc	72.8	−11.9
Lira	48.8	−15.8
Yen	209.7	+57.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Jan. 29	£	$
Argentina	2.0235-2.0315	1.3150-1.3190
Australia	2.3250-2.3290	1.5110-1.5120
Brazil	25.03-25.18	16.27-16.35
Finland	6.8795-6.9015	4.4960-4.4980
Greece	199.65-202.95	129.90-132.05
Hong Kong	11.9285-11.9590	7.7600-7.7650
Iran	111.45*	71.60*
Korea (Sth)	1312.00-1323.90	853.70-860.70
Kuwait	0.42630-0.42710	0.27700-0.27730
Luxembourg	56.90-57.00	37.00-37.10
Malaysia	3.8760-3.8960	2.5250-2.5300
N. Zealand	2.8360-2.8435	1.8435-1.8470
Saudi Ar.	5.7705-5.7760	3.7495-3.7505
Singapore	3.2610-3.2765	2.1275-2.1325
S. Af. (Cm)	3.1585-3.1705	2.0515-2.0595
S. Af. (Fn)	6.5515-6.8425	4.2555-4.4445
Taiwan	54.00-54.25	35.00-35.10
U.A.E.	5.6520-5.6570	3.6725-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6826	+0.53	+0.52	±1.5344
Danish Krone	7.85212	7.79983	−0.67	−0.68	±1.6404
German D-Mark	2.05853	2.05879	+0.01	0.00	±1.0981
French Franc	6.90403	6.86743	−0.53	−0.54	±1.3674
Dutch Guilder	2.31943	2.31882	−0.03	−0.04	±1.5012
Irish Punt	0.768411	0.777821	+1.22	+1.21	±1.6684
Italian Lira	1483.58	1467.59	−1.08	−1.08	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5355-1.5415	1.5370-1.5380	0.59-0.56c pm	4.49	1.85-1.80c pm	4.75
Canada	2.0596-2.0735	2.0605-2.0615	0.57-0.47 c pm	3.03	1.85-1.70 pm	3.44
*Neth'lands	3.08½-3.10½	3.09½-3.10½	1¼-1⅛ c pm	4.84	4⅜-4¼ pm	5.48
Belgium	56.71-57.14	56.90-57.00	12-6 c pm	1.79	44-35 pm	2.77
Denmark	10.37½-10.43¾	10.42¾-10.43¾	¾-1¼ ore dis	0.29	2⅞-1¼ pm	0.65
Ireland	1.0340-1.0415	1.0385-1.0395	0.16-0.27 p dis	−2.48	0.55-0.84c dis	−2.68
W. Germany	2.73¾-2.75¾	2.74¼-2.75¼	1⅜-1¼ pf pm	6.01	4⅝-4½ pm	6.73
Portugal	212.11-213.36	212.15-213.00	112-270c dis	−10.77	284-522 dis	−7.58
Spain	194.45-196.57	196.20-196.50	20-25 c dis	−1.38	83-123 dis	−2.10
Italy	1951¼-1963¾	1959¾-1960¾	2pm-1 lire dis	0.10	4-1 pm	0.51
Norway	10.64½-10.68¼	10.67-10.68	3⅝-4⅜ ore dis	−4.57	12⅜-13¼ dis	−4.80
France	9.13½-9.19¼	9.16¼-9.17¼	1⅝-1 c pm	1.72	4½-3¾ pm	1.80
Sweden	9.88½-9.92	9.90¾-9.91¾	1-½ore pm	0.91	2⅝-2 pm	0.96
Japan	233-234¼	233-234	1⅜-1⅛ y pm	6.42	4⅛-3⅞ pm	6.85
Austria	19.26-19.38	19.35-19.38	9¾-8½ gro pm	5.65	28⅜-25⅜ pm	5.50
Switzerland	2.30¼-2.31⅜	2.30½-2.31½	1⅜-1¼ c pm	7.14	4⅜-4 pm	7.29

Belgian rate is for convertible francs. Financial franc 58.00-58.10. Six-month forward dollar 3.44-3.39c pm. 12-month 6.30-6.20c pm.
Correction: For Jan 27; Netherlands day's spread, 3.11¾-3.14¾.
*Correction: For Jan 28; Netherlands day's spread, 3.08-3.10½.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Jan. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5355-1.5415	1.5370-1.5380	0.59-0.56c pm	4.49	1.85-1.80c pm	4.75
Ireland†	1.4785-1.4880	1.4805-1.4815	0.98-0.90c pm	7.60	2.90-2.75 pm	7.61
Canada	1.3380-1.3462	1.3410-1.3420	0.15-0.18c dis	−1.47	0.42-0.47 dis	−1.32
Netherlands	2.0030-2.0220	2.0160-2.0170	0.12-0.08c pm	0.57	0.44-0.39 pm	0.83
Belgium	36.80-37.15	37.00-37.10	7-9c dis	−2.60	16-20 dis	−1.95
Denmark	6.73½-6.78½	6.78-6.78½	1.80-2.70 pm	4.00	6.05-6.95 pm	3.85
W. Germany	1.7750-1.7950	1.7865-1.7875	0.29-0.28pf pm	1.92	0.92-0.87 pm	2.01
Portugal	138½-140	139¼-139¾	125-225c dis	−15.17	350-500c dis	−12.28
Spain	126.85-127.80	127.50-127.60	60-70 c dis	−6.13	185-215 dis	−6.44
Italy	1266-1280	1274¼-1275¼	4⅞-5⅛ lire dis	−4.37	13-14½ dis	−4.33
Norway	6.90½-6.95¼	6.94-6.94½	4.30-5.00 ore dis	−8.06	14.90-15.60dis	−8.81
France	5.92¼-5.98	5.96-5.96½	1.10-1.35c dis	−2.48	3.95-4.55 dis	−2.86
Sweden	6.41½-6.45¼	6.44½-6.45	2.25-2.75 ore dis	−4.66	6.65-7.25 dis	−4.32
Japan	151.45-152.25	151.90-152.00	0.24-0.21y pm	1.78	0.81-0.76 pm	2.07
Austria	12.50¼-12.61	12.59½-12.60	1.60-1.10gro pm	1.29	3.25-1.75c pm	0.80
Switzerland	1.4930-1.5075	1.5015-1.5025	0.33-0.30c pm	2.52	1.00-0.95 pm	2.60

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.70-37.80.

EURO-CURRENCY INTEREST RATES

Jan. 29	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛-11¼	11 1/16-11 3/16	11 1/16-11¼	11-11⅛	10 15/16-10 13/16	10¾-10⅝
U.S. Dollar	6-6¼	6 1/16-6 3/16	6 3/16-6 5/16	6⅛-6¼	6⅛-6¼	6⅛-6¼
Can. Dollar	7⅛-7¼	7½-7¾	7½-7⅝	7½-7⅝	7⅝-7¾	7 11/16-7 13/16
D. Guilder	5¼-5½	5 5/16-5 7/16	5 5/16-5 7/16	5 5/16-5 7/16	5 5/16-5 7/16	5⅜-5 11/16
Sw. Franc	14-20	2-2¼	3⅜-3½	3½-3⅝	3 9/16-3 11/16	3 11/16-3 13/16
Deutschmark	4 1/16-4 3/16	4 1/16-4 3/16	4-4⅛	4 1/16-4 3/16	4 1/16-4 3/16	4⅛-4¼
Fr. Franc	8¼-8½	8¼-9	8 11/16-8⅞	8 11/16-8⅞	8¾-9	8¾-9
Italian Lira	9-12	9½-11	10¼-10¾	10¼-10¾	10¼-10¾	10¼-10¾
B. Fr. (Fin.)	8⅛-8⅜	8⅛-8⅜	7⅝-8⅛	7 11/16-7 13/16	7½-7¾	7½-7¾
B. Fr. (Con.)	8½-9⅛	9-9½	8⅞-9⅛	8-8⅜	7⅞-8⅛	7⅞-8
Yen	6⅛-6½	4⅝-4 13/16	4 5/16-4⅜	4⅜-4 7/16	4 5/16-4⅜	4 5/16-4⅜
D. Krone	10⅝-11⅛	10⅝-11⅛	10⅝-11⅛	10½-10⅞	10½-10⅞	10½-10⅞
Asian $ (Sing.)	5⅛-5¼	N/A	3¼-3⅜	3 5/16-3 7/16	3 5/16-3 7/16	3¼-3⅜

Long-term Eurodollars: Two years 6⅛-6¼ per cent; three years 6⅝-6⅞ per cent; four years 7⅛-7⅜ per cent; five years 7⅛-7⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan. 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.538	2.748	233.5	9.168	2.310	3.100	1960.	2.061	56.95
$	0.650	1.	1.787	152.0	5.963	1.502	2.017	1275.	1.340	37.05
DM	0.364	0.560	1.	84.99	3.337	0.841	1.128	713.5	0.750	20.73
YEN	4.283	6.585	11.77	1000.	39.26	9.893	13.28	8395.	8.827	243.9
F Fr.	1.091	1.677	2.997	254.7	10.	2.520	3.382	2138.	2.248	62.12
S Fr.	0.433	0.666	1.189	101.1	3.969	1.	1.342	848.6	0.892	24.65
H Fl.	0.323	0.496	0.886	75.32	2.957	0.745	1.	632.3	0.665	18.37
Lira	0.510	0.784	1.402	119.1	4.677	1.178	1.581	1000.	1.051	29.05
C $	0.485	0.746	1.333	113.3	4.448	1.121	1.504	951.1	1.	27.63
B Fr.	1.756	2.700	4.824	410.0	16.10	4.056	5.443	3442.	3.619	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts lose ground

LONG TERM gilt futures finished slightly weaker after a quiet day on the London International Financial Futures Exchange. Volume was only slightly above 17,000, compared with over 22,000 on Wednesday. March long gilts opened lower at 114-22, and fell to the day's low of 114-21 in early trading, when sterling's exchange rate index declined to a low of 68.5. In the absence of other news traders tended to react to movements in the pound, but reports of Japanese buying in the cash market pushed the contract higher. This encouraged short covering, taking March gilts briefly through a chart resistance point at 115-06, to a peak of 115-11, helped by sterling's recovery on the foreign exchanges. The final money supply figures for December from the Bank of England had no impact, but prices slipped in late trading on a rumour that a public opinion poll, to be published today, suggests the Conservative and Labour Parties are running neck and neck.

The contract closed at 114-23, compared with 114-27 on Wednesday.

March three-month sterling deposits also weakened, finishing at 89.22, against the previous settlement of 89.25, as traders remained pessimistic about the prospects for an early cut in UK clearing bank base rates.

March US Treasury bonds opened firm at 100-06, following overnight strength in Chicago, encouraged by slightly smaller than expected US borrowing needs estimated for the second quarter. The US Treasury's $29bn February refunding package was as expected, but the contract closed below the day's high of 100-12 on Liffe, at 100-04, compared with 99-21 previously, after an unexpected rise of 0.9 per cent in December US durable goods orders.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	8.46	9.07	0.00	0.15
108	6.46	7.28	0.00	0.36
110	4.49	5.55	0.03	0.63
112	3.00	4.21	0.18	1.29
114	1.34	3.07	0.52	2.15
116	0.40	2.11	1.58	3.19
118	0.12	1.28	3.30	4.36
120	0.03	0.58	5.21	6.02

Estimated volume total, Calls 913 Puts 84
Previous day's open int, Calls 16,109 Puts 9,535

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	10.08	9.31	0.00	0.11
92	8.28	7.42	0.00	0.22
94	6.09	5.63	0.01	0.43
96	4.15	4.32	0.07	1.12
98	2.35	3.15	0.27	1.59
100	1.17	2.08	1.09	2.52
102	0.27	1.29	2.19	4.09
104	0.07	0.58	3.63	5.36

Estimated volume total, Calls 173 Puts 50
Previous day's open int, Calls 985 Puts 498

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
16250	20.25	20.13	0.00	0.08
16500	17.56	17.72	0.01	0.17
16750	15.09	15.36	0.04	0.31
17000	12.66	13.09	0.11	0.54
17250	10.31	10.95	0.26	0.90
17500	8.09	8.96	0.54	1.41
17750	6.09	7.17	1.04	2.12
18000	4.36	5.59	1.81	3.04

Estimated volume total, Calls 10, Puts 1
Previous day's open int, Calls 216, Puts 117

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	Apr.	June	Puts—Last Feb.	Mar.	Apr.	June
1.30	23.90	23.90	—	23.90	0.00	0.00	—	0.07
1.35	18.90	18.90	—	18.90	0.00	0.00	—	0.25
1.40	13.90	13.90	13.90	13.90	0.00	0.01	0.19	0.76
1.45	8.90	8.90	8.90	8.90	0.05	0.17	0.75	1.84
1.50	3.90	4.03	4.60	5.03	0.32	1.03	2.16	3.73
1.55	0.49	1.40	2.17	2.81	1.91	3.40	4.73	6.51
1.60	0.01	0.31	0.84	1.42	6.43	7.31	8.40	10.12

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 1,258 Puts 1,667

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	April	June	Puts—Last Feb.	Mar.	April	June
1.35	15.70	15.70	—	13.90	0.25	0.25	—	0.80
1.40	13.90	13.90	13.90	13.90	0.30	0.30	0.60	1.00
1.45	8.90	8.90	8.90	9.00	0.30	0.65	1.00	2.00
1.50	4.00	4.60	4.85	5.40	0.60	1.60	2.30	3.85
1.55	1.10	1.80	2.20	3.00	2.70	3.95	4.90	6.60
1.60	0.35	0.70	1.00	1.55	7.00	7.90	8.60	10.20
1.65	—	1.50	—	1.90	—	20.20	—	21.40

Previous day's open int: Calls 573 Puts 530
Volume: 76

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	Apr.	June	Puts—Last Feb.	Mar.	Apr.	June
1.30	23.60	23.60	—	23.60	—	—	—	0.10
1.35	18.60	18.60	—	18.60	—	—	—	0.20
1.40	13.60	13.60	12.40	13.60	—	0.10	0.15	0.65
1.45	8.60	8.70	8.05	8.70	0.05	0.30	0.66	1.60
1.50	3.80	4.05	4.50	5.00	0.30	1.10	2.05	3.30
1.55	0.90	1.58	2.05	2.70	2.10	3.20	4.50	5.80
1.60	0.15	0.45	0.80	1.35	6.00	7.00	8.05	9.20

Previous day's open int: Calls 53,710 Puts 39,171
Previous day's volume, Calls 8,734 Puts 798

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Mar.	June	Sept.	Dec.	Puts—Last Mar.	June	Sept.	Dec.
93.00	0.87	0.97	—	—	0.00	0.01	—	—
93.25	0.62	0.73	0.75	—	0.00	0.02	0.09	—
93.50	0.39	0.51	0.55	—	0.02	0.05	0.11	—
93.75	0.19	0.33	0.39	—	0.07	0.12	0.23	—
94.00	0.05	0.18	0.25	—	0.18	0.22	0.34	—
94.25	0.01	0.08	0.15	—	0.39	0.37	0.49	—
94.50	0.00	0.03	0.08	—	0.63	0.57	0.67	—

Previous day's open int: Calls 1,490 Puts 1,116
Estimated volume, Calls 60 Puts 2

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
March	114-23	115-11	114-21	114-27
June	114-28	—	—	115-00
Sept.	115-07	—	—	115-11
Dec.	114-27	—	—	114-31

Estimated volume 17,066 (22,566)
Previous day's open int. 18,028 (16,481)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
March	98-62	—	—	99-01

Estimated Volume 0 (0)
Previous day's open int. 111 (111)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
March	89.22	89.27	89.20	89.25
June	89.65	89.70	89.65	89.69
Sept.	89.85	89.89	89.85	89.87
Dec.	89.85	89.90	89.85	89.90
March	89.75	89.82	89.82	89.80
June	89.63	—	—	89.62

Estimated Volume 2,699 (6,018)
Previous day's open int. 15,797 (16,361)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
March	182.55	184.00	182.50	183.80
June	185.55	—	—	186.30

Estimated volume 735 (850)
Previous day's open int. 3,489 (3,387)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
March	93.87	93.89	93.86	93.84
June	93.96	93.99	93.95	93.95
Sept.	93.91	93.94	93.90	93.87
Dec.	93.77	93.80	93.77	93.72
March	93.56	93.57	93.55	93.50
June	93.32	93.34	93.31	93.26
Sept.	93.07	93.09	93.07	93.01
Dec.	92.84	92.84	92.84	92.78

Estimated volume 5,524 (6,286)
Previous day's open int. 28,197 (27,519)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
March	100-04	100-12	100-01	99-21
June	99-10	—	—	98-27

Estimated Volume 3,715 (5,201)
Previous day's open int. 4,238 (4,592)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5375	1.5318	1.5193	1.5034	1.4750

IMM—STERLING $e per £

	Latest	High	Low	Prev
Mar.	1.5295	1.5320	1.5285	1.5300
June	1.5125A	1.5170	1.5090	1.5135
Sept.	1.4950A	1.5010	1.4940	1.4965

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Mar.	1.5300	1.5330	1.5280	1.5342
June	1.5130	—	—	1.5175
Sept.	1.4980	—	—	1.5025

Estimated volume 6 (33)
Previous day's open int 981 (997)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar.	100-14	100-16	100-08	100-06
June	99-16	99-17	99-10	99-09
Sept.	98-20	98-20	98-14	98-12
Dec.	97-24	97-24	97-18	97-16
Mar.	96-28	96-28	96-23	96-20
June	96-01	96-01	95-29	95-25
Sept.	95-07	95-07	95-04	94-31
Dec.	94-14	94-14	94-11	94-06
Mar.	—	—	—	93-15
June	—	—	—	—
Sept.	—	—	—	92-07

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	94.67	94.69	94.65	94.65
June	94.77	94.78	94.75	94.75
Sept.	94.77	94.77	94.75	94.74
Dec.	94.67	94.67	94.67	94.65

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6668	0.6709	0.6661	0.6710
June	0.6703	0.6747	0.6703	0.6749
Sept.	0.6734	0.6785	0.6734	0.6789

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar.	0.6585	0.6616	0.6585	0.6622
June	0.6625	0.6650	0.6625	0.6658
Sept.	0	0	0	0.6694

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Jan.	0.5622	0.5658	0.5622	0.5634
Mar.	0.5657	0.5630	0.5655	0.5663
June	0.5639	0.5658	0.5629	0.5634
	—	—	—	0.5663

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	93.87	93.89	93.85	93.85
June	93.97	93.99	93.95	93.95
Sept.	93.92	93.93	93.90	93.90
Dec.	93.77	93.78	93.77	93.76
Mar.	93.56	93.58	93.56	93.55
June	93.32	93.34	93.32	93.31
Sept.	93.07	93.08	93.06	93.06
Dec.	92.84	92.84	92.81	92.81

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar.	277.40	278.80	276.75	277.80
June	279.10	280.30	278.50	279.50
Sept.	280.60	281.75	280.30	280.75
Dec.	282.00	282.90	281.40	282.30

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$390	—	—	20	32B	—	—	$409.50
GOLD C	$400	212	13	42	26	—	—	"
GOLD C	$420	45	4.10	27	16	30	27A	"
GOLD C	$450	120	2	—	—	110	19	"
GOLD C	$460	—	—	13	6	17	13A	"
GOLD P	$360	—	—	200	1.80	—	—	"
GOLD P	$380	56	0.60	—	—	—	—	"
GOLD P	$400	—	—	70	11B	—	—	"
GOLD P	$420	10	11	10	17.50	—	—	"
		Mar 87		June 87		Sep 87		
£/FL C	FL305	—	—	21	7.50	—	—	FL310.77
£/FL C	FL310	20	3.20	—	—	—	—	"
£/FL P	FL310	70	5.50	—	—	—	—	"
		Feb 87		Mar 87		Apr 87		
$/FL C	FL195	—	—	21	8.20	—	—	FL201.80
$/FL C	FL200	27	4.10	51	5.60	—	—	"
$/FL C	FL205	158	2.40	64	3.50	12	4	"
$/FL C	FL210	430	1	75	2	94	2.50	"
$/FL C	FL215	—	—	14	1.20A	—	—	"
$/FL P	FL195	217	1.40	346	2.30	1012	3.30	"
$/FL P	FL200	276	2.70A	282	4.20	65	5.30	"
$/FL P	FL205	73	5.10	72	6.60	—	—	"
$/FL P	FL210	10	9.20	22	10.25	—	—	"
$/FL P	FL215	—	—	157	13.50	—	—	"
$/FL P	FL225	—	—	63	23.80	—	—	"
		Jun 87		Sep 87		Dec 87		
$/FL C	FL195	—	—	—	—	27	12.80	FL201.80
$/FL C	FL200	20	7.90	11	9	31	10.50	"
$/FL C	FL205	—	—	21	6.80	11	8	"
$/FL C	FL210	1019	3.90	—	—	—	—	"
$/FL C	FL215	27	2.70	—	—	15	4.90	"
$/FL C	FL220	37	1.80	42	2.70	—	—	"
$/FL C	FL225	12	1.20	—	—	26	2.70	"
$/FL C	FL235	—	—	—	—	101	1.60	"
$/FL P	FL195	30	4.50	—	—	—	—	"
$/FL P	FL200	54	6.90	—	—	10	10	"
$/FL P	FL205	10	9.10	—	—	—	—	"
$/FL P	FL210	22	12.70	50	14.10	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	FL540	304	9	96	16.50	11	18.40	FL512
ABN P	FL500	186	10.50	85	19.50	20	26	"
AEGON C	FL85	229	2.40	8	4A	16	4.80	FL80.50
AEGON P	FL85	98	6	51	7.20	25	8	"
AHOLD C	FL110	65	2	—	—	—	—	FL101.60
AHOLD P	FL100	177	4	25	6	—	—	"
AKZO C	FL140	1143	4.50	467	6.20	74	7.50	FL132.70
AKZO P	FL130	758	4.20	127	7.40	132	8.50	"
AMEV C	FL70	253	2.90	15	3.50	—	—	FL67.80
AMEV P	FL75	53	7.50A	—	—	—	—	"
AMRO C	FL90	273	2.50	28	3.90	—	—	FL86
AMRO P	FL85	266	3.80	19	4.50	2	5.50A	"
ELSEVIER C	FL250	78	7.20	12	11.50	1	14	FL234
ELSEVIER P	FL230	118	5.50	2	10.50A	—	—	"
GIST-BROC C	FL45	167	1	41	1.80	1	2.90	FL39.40
GIST-BROC. P	FL40	175	2.30	74	4.20	17	4.80	"
HEINEKEN C	FL160	71	6.60A	13	9B	—	—	FL160
HEINEKEN P	FL150	163	2.90	28	5.10	3	6.50	"
HOOGOVENS C	FL40	10	0.70	15	1.50	99	2.80	FL32.40
HOOGOVENS P	FL30	50	1.70	30	2.60	22	3.50	"
KLM C	FL40	43	1.60	79	2.80B	24	3.80B	FL38
KLM P	FL35	60	1.20	17	2.30	10	2.90	"
NAT. NED C	FL80	199	1.40	35	2.50	19	3.70	FL75.80
NAT. NED. P	FL70	66	1.20	—	—	2	3.50A	"
PHILIPS C	FL40	956	4.60	25	5.10	31	6.20	FL43.40
PHILIPS P	FL45	370	3.30B	63	4.50	26	4.80	"
ROYAL DUTCH C	FL210	303	8.20	64	9.30	17	10.50	FL214
ROYAL DUTCH P	FL200	345	1.40	68	4.10	—	—	"
UNILEVER C	FL520	541	9	16	18	5	26	FL500
UNILEVER P	FL500	450	12.50	2	24	4	25	"

TOTAL VOLUME IN CONTRACTS: For 29/1/87 38,996

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
ABN Bank	11
Adam & Company	11
Allied Arab Bk Ltd	11
Allied Dunbar & Co	11
Allied Irish Bank	11
American Exp. Bk	11
Amro Bank	11
Henry Ansbacher	11
ANZ Banking Group	11
Associates Cap Corp	11
Authority & Co Ltd	11½
Banco de Bilbao	11
Bank Hapoalim	11
Bank Leumi (UK)	11
Bank Credit & Comm	11
Bank of Cyprus	11
Bank of Ireland	11
Bank of India	11
Bank of Scotland	11
Banque Belge Ltd	11
Barclays Bank	11
Benchmark Tst Ltd	11
Beneficial Trust Ltd	12
Berliner Bank AG	11
Brit. Bk. of Mid. East	11
Brown Shipley	11
CL Bank Nederland	11
Canada Permanent	11
Cayzer Ltd	11
Cedar Holdings	12
● Charterhouse Bank	11
Citibank NA	11
Citibank Savings	¶12.45
City Merchants Bank	11
Clydesdale Bank	11
Comm. Bk. N. East	11
Consolidated Cred	11
Co-operative Bank	*11
Cyprus Popular Bk	11
Duncan Lawrie	11
E. T. Trust	12
Equator'l Tst C'p plc	11
Exeter Trust Ltd	11½
Financial & Gen. Sec.	11
First Nat. Fin. Corp.	11½
First Nat. Sec. Ltd	11½
● Robert Fleming & Co	11
Robert Fraser & Ptrs	12
Grindlays Bank	‡11
● Guinness Mahon	11
HFC Trust & Savings	11
● Hambro Bank	11
Heritable & Gen. Tst	11
● Hill Samuel	§11
C. Hoare & Co	11
Hongkong & Shangh'	11
Lloyds Bank	11
Mase Westpac Ltd	11
Meghraj & Sons Ltd	11
Midland Bank	11
● Morgan Grenfell	11
Mount Credit Corp. Ltd	11
Nat Bk. of Kuwait	11
National Girobank	11
Nat Westminster	11
Northern Bank Ltd	11
Norwich Gen. Trust	11
PK Finans. Intl (UK)	11½
Provincial Trust Ltd	12
R. Raphael & Sons	11
Roxburghe G'rantee	11½
Royal Bk of Scotland	11
Royal Trust Bank	11
Standard Chartered	11
Trustee Savings Bank	11
UDT Mortgage Exp.	¶12.25
United Bk of Kuwait	11
United Mizrahi Bank	11
Westpac B'nking Corp	11
Whiteaway Laidlaw	11½
Yorkshire Bank	11

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

$WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 28, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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ECU=$US1.15832 SDR1=$US1.28054
As of January 29, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	6¼	6¼
Sibor:	6¼	6¼

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	6.5372
Algeria	Dinar	4.63
Andorra	French Franc	5.939
	Spanish Peseta	126.80
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral	1.317
Aruba	Florin	1.80
Australia	Dollar	1.5175
Austria	Schilling	12.49
Azores	Portuguese Escudo	138.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Islands	Spanish Peseta	126.80
Bangladesh	Taka	30.80
Barbados	Dollar	2.0113
Belgium	Franc (c) (er)	36.83
	Franc (f) (er)	37.45
Belize	Dollar	2.00
Benin	C.F.A. Franc	296.95
Bermuda	Dollar	1.00
Bhutan	Ngultrum	12.95
Bolivia	Peso (o)	1912000.00
	Peso (f)	1923000.00
Botswana	Pula	1.7036
Brazil	Cruzado (o)	16.218
Brunei	Dollar	2.129
Bulgaria	Lev	0.901
Burkina Faso	C.F.A. Franc	296.95
Burma	Kyat	6.6445
Burundi	Franc	95.8183
Cameroun Rp.	C.F.A. Franc	296.95
Canada	Dollar	1.338
Canary Islands	Spanish Peseta	126.80
Cape Verde Islands	Escudo	89.2698
Cayman Islands	Dollar	0.835
Central Africa Rep.	C.F.A. Franc	296.95
Chad	C.F.A. Franc	296.95
Chile	Peso (o)	203.46
China	Renminbi Yuan	3.722
Colombia	Peso (o)	220.00
Comoros	C.F.A. Franc	296.95
Congo People's Rep. of	C.F.A. Franc	296.95
Costa Rica	Colon	59.95
Cote d'Ivoire	C.F.A. Franc	296.95
Cuba	Peso	0.7963
Cyprus	Pound*	2.0563
Czechoslovakia	Koruna (o)	5.75
Denmark	Krone	6.732
Djibouti Rep. of	Franc	177.00
Dominica	E. Caribbean $	2.70
Dominican Republic	Peso	3.05
	Peso (d)	3.03
Ecuador	Sucre (d)	146.40
	Sucre (f)	146.50
Egypt	Pound (o)	0.70
	Pound (b)	1.36
El Salvador	Colon (o)	2.50
	Colon (d)	5.00
Equatorial Guinea	C.F.A. Franc	296.95
Ethiopia	Birr (o)	2.0647
Faeroe Islands	Danish Krone	6.732
Falkland Islands	Pound*	1.545
Fiji	Dollar	1.126
Finland	Markka	4.475
France	Franc	5.939
French C'ty in Africa	C.F.A. Franc	296.95
French Guiana	Franc	5.939
French Pacific Islands	C.F.P. Franc	107.982
Gabon	C.F.A. Franc	296.95
Gambia	Dalasi	7.58
Germany (East)	Ostmark (o)	1.775
Germany (West)	Deutsche Mark (er)	1.755
Ghana	Cedi	153.00
	Cedi (n)	90.00
Gibraltar	Pound*	1.545
Greece	Drachma	130.80
Greenland	Danish Krone	6.732
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	5.939
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (b, f)	2.67
Guinea Bissau	Peso	170.479
Guinea Republic	Franc	340.00
	Franc (f)	300.00
Guyana	Dollar (4)	10.00
Haiti	Gourde	5.00
Honduras Republic	Lempira (o)	2.00
	Lempira (d)	2.10
Hong Kong	Dollar	7.7615
Hungary	Forint	44.293
Iceland	Krona	39.17
India	Rupee	12.95
Indonesia	Rupiah	1632.00
Iran	Rial (o)	72.0788
Iraq	Dinar	0.3109
Irish Republic	Punt*	1.49
Israel	New Shekel (3)	1.62
Italy	Lira	1265.00
Jamaica	Dollar (o)	5.51
Japan	Yen	150.50
Jordan	Dinar	0.335
Kampuchea	Riel	n.a.
Kenya	Shilling (2)	15.7684
Kiribati	Australian Dollar	1.5175
Korea (North)	Won	0.94
Korea (South)	Won	857.20
Kuwait	Dinar	0.2778
Laos P'les D Rep.	Kip	35.00
Lebanon	Pound	87.25
Lesotho	Maloti	2.0317
Liberia	Dollar	1.00
Libya	Dinar	0.3004
Liechtenstein	Swiss Franc	1.49
Luxembourg	Luxembourg Franc	36.83
Macao	Pataca	8.0681
Madagascar Dem. Rep.	Franc	669.266
Madeira	Portuguese Escudo	138.75
Malawi	Kwacha	1.8539
Malaysia	Ringgit	2.533
Maldive Islands	Rufiyaa	7.00
Mali Republic	C.F.A. Franc	296.95
Malta	Lira*	2.8694
Martinique	Franc	5.939
Mauritania	Ouguiya	74.80
Mauritius	Rupee	12.513
Mexico	Peso (d)	974.00
	Peso (e)	971.50
Miquelon	French Franc	5.939
Monaco	French Franc	5.939
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.36
Mozambique	Metical	38.915
Namibia	S. A. Rand	2.0317
Nauru Islands	Australian Dollar	1.5175
Nepal	Rupee	21.40
Netherlands	Guilder (er)	2.003
Netherlands Antilles	Guilder	1.80
New Zealand	Dollar	1.856
Nicaragua	Cordoba	900.00
	Cordoba (o)	70.00
	Cordoba (d)	1500.00
Niger Republic	C.F.A. Franc	296.95
Nigeria	Naira (d)	3.7002
	Naira (o)	2.5954
Norway	Krone	6.913
Oman Sultanate of	Rial	0.385
Pakistan	Rupee	17.258
Panama	Balboa	1.00
Papua New Guinea	Kina	0.9416
Paraguay	Guarani (o)	240.00
	Guarani (p)	550.00
	Guarani (d)	715.00
Peru	Inti (o) (n) (5)	14.26
	Inti (f)	20.28
	Inti (f) (5)	17.83
Philippines	Peso	20.43
Pitcairn Islands	N.Z. Dollar	1.856
Poland	Zloty (o)	197.50
Portugal	Escudo	138.75
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion Isle de la	French Franc	5.939
Romania	Leu (o)	4.25
	Leu (c)	10.46
Rwanda	Franc	80.2082
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.545
St. Lucia	E. Caribbean $	2.70
St. Pierre	French Franc	5.939
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.203
Samoa (Am)	US $	1.00
San Marino	Italian Lira	1265.00
São Tomé & Principe DR	Dobra	35.3366
Saudi Arabia	Riyal	3.751
Senegal	C.F.A. Franc	296.95
Seychelles	Rupee	5.6496
Sierra Leone	Leone	35.00
Singapore	Dollar	2.129
Solomon Islands	Dollar	1.9822
Somali Republic	Shilling (d)	122.30
South Africa	Rand (f)	4.1667
	Rand (c)	2.0317
Spain	Peseta	126.80
Spanish ports in North Africa	Spanish Peseta	126.80
Sri Lanka	Rupee	28.593
Sudan Republic	Pound (o)	2.45
	Pound (k)	2.93
	Pound (f)	4.00
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.0317
Sweden	Krona	6.415
Switzerland	Franc	1.49
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	35.06
Tanzania	Shilling	51.841
Thailand	Baht	25.87
Togo Republic	C.F.A. Franc	296.95
Tonga Islands	Pa'anga	1.5175
Trinidad & Tobago	Dollar	2.409
	Dollar (h)	3.60
Tunisia	Dinar	0.795
Turkey	Lira	751.30
Turks & Caicos Islands	US $	1.00
Tuvalu	Australian Dollar	1.5175
Uganda	Shilling (l)	1388.41
United Arab Emirates	Dirham	3.673
United Kingdom	Pound Sterling*	1.545
Uruguay	Peso (m)	185.00
USSR	Rouble	0.6442
Vanuatu	Vatu	110.89
Vatican	Lira	1265.00
Venezuela	Bolivar (o)	14.50
	Bolivar (n) (1)	7.50
	Bolivar (d)	23.74
Vietnam	Dong (o)	80.00
Virgin Islands (British)	US $	1.00
Virgin Islands (US)	US $	1.00
Yemen	Rial	11.50
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	440.16
Zaire Republic	Zaire	72.172
Zambia	Kwacha	14.7929
Zimbabwe	Dollar	1.6281

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Floating Rate. (c) Commercial rate. (d) Freemarket. (e) Controlled. (er) EMS Realignment, 12 Jan. 87: DM, DG revalued 3%; BFr revalued 2%. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (j) Public Transaction Rate. (k) Agricultural products. (l) Priority Rate. (n) Essential imports. (p) Exports. (1) Venezuela: For debts incurred prior to February 1983. (2) Kenya, 21 Jan. 87: Shilling devalued by 0.25% against SDR. (3) Israel, 13 Jan. 87: New Shekel devalued by approx. 10.2%. (4) Guyana, 18 Jan. 87: Dollar devalued by approx. 56% (5) Peru, 21 Jan. 87: Inti devalued by approx. 2.17%.
For further information please contact your local branch of the Bank of America.

MONEY MARKETS

UK rates steady

UK clearing bank base lending rate 11 per cent since October 15

INTEREST RATES were steady on the London money market, as dealers became increasingly resigned to a further period of unchanged clearing bank base rates. The market continued to keep a watchful eye on sterling, but this provided little incentive to trade. The final money supply figures for December, were little different from the provisional figures, with M0 rising 1.4 per cent and M3 0.2 per cent, and had no impact. Rumours about a public opinion poll, showing the Conservative and Labour Parties roughly level, swept the City in the late afternoon, but came too late to have any effect on rates.

Three-month interbank finished unchanged at 11⅛-11 per cent.

The Bank of England initially forecast a money market shortage of £300m, but revised this to £400m at noon, and provided total help on the day of £276m.

Before lunch the authorities bought £141m bills outright, by way of £29m bank bills in band 1 at 10⅞ per cent; £94m bank bills in band 2 at 10 13/16 per cent; £11m bank bills in band 3 at 10¾ per cent; and £7m bank bills in band 4 at 10 11/16 per cent.

In the afternoon the Bank of England purchased another £55m bills outright, through £13m bank bills in band 2 at 10 13/16 per cent; and £42m bank bills in band 3 at 10¾ per cent.

Late assistance of around £80m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £432m, with a rise in the note circulation absorbing £25m. These factors outweighed Exchequer transactions adding £170m to liquidity.

The average mid-market rate for one-week money applicable to temporary facilities rolled over by the authorities was 11 per cent.

In Frankfurt call money continued to fall. It was quoted at 3.50-3.70 per cent, compared with 3.90-4.10 per cent on Wednesday. Rates declined as liquidity flowed into the market through payouts by public authorities of between DM 5bn and DM 6bn in civil service pensions. This should help offset a drain of DM 2bn today as a three-day currency swap from the Bundesbank expires. Banks did not buy three-day Treasury bills with the excess liquidity however, preferring to keep money available to balance end of month reserve requirements. Figures released by the Bundesbank yesterday showed that commercial banks ran down their discount borrowing from the central bank ahead of the half point cut in the West German discount rate on January 22, but quickly rebuilt borrowings the following day. Borrowing through the rediscount facility thus showed no net change over the third week in January at DM 61.3bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 29) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅛	Offer 6¼	bid 6 3/16	Offer 6 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK
(Lunchtime)

Prime rate	7½
Broker loan rate	7¼
Fed. funds	5⅞
Fed. funds at intervention	6¼

Treasury Bills and Bonds			
One month	5.24	Three year	6.41
Two month	5.44	Four year	6.57
Three month	5.61	Five year	6.64
Six month	5.65	Seven year	6.93
One year	5.78	10 year	7.12
Two year	5.24	20 year	7.44

Jan. 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.90-4.10	3.90-4.10	4.00-4.20	4.10-4.25	5.0
Paris	8⅛-8¼	8 3/16-8 5/16	8 3/16-8 5/16	8⅜-8½	8 7/16-8 9/16	8
Zurich	⅞-1⅛	3¼-3⅜	—	3 5/16-3 7/16	—	—
Amsterdam	5½-5⅝	5½-5⅝	—	5 7/16-5 9/16	—	—
Tokyo	4.21875	4.28125	—	4.34375	—	—
Milan	11⅞-12⅜	11⅝-12⅛	—	11¼-11⅞	—	—
Brussels	8.75	7 13/16-8 1/16	—	7½-7⅞	—	—
Dublin	13⅞-14	13⅞-14	13⅞-14	13⅞-14	13¼-13½	—

LONDON MONEY RATES

Jan. 29	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12-10⅝	11 1/16-10 15/16	11⅛-11 1/16	11⅛-11	10 15/16-10 13/16	10⅞-10¾
Sterling CDs	—	—	11 1/16-11	10 31/32-10 29/32	10 13/16-10 11/16	10 11/16-10 9/16
Local Authority Deposits	11-10⅞	11	11 1/16	11	10 13/16-10¾	10¾
Local Authority Bonds	—	—	11⅛	11⅛	11⅛	11
Discount Market Deposits	11⅛-10¾	10¾	10⅞	10⅝	—	—
Company Deposits	11¼	11¼	11⅛	11⅛	10⅞	10⅞
Finance House Deposits	—	—	11⅛	11 1/16	10¾	10¾
Treasury Bills (Buy)	—	—	10 13/16	10 11/16	—	—
Bank Bills (Buy)	—	—	10 13/16	10 23/32	10 9/16	—
Fine Trade Bills (Buy)	—	—	11 5/16	11⅛	10 13/16	—
Dollar CDs	—	—	6.15-6.10	6.10-6.05	6.10-6.05	6.10-6.05
SDR Linked Deposits	—	—	6¼-6	6¼-6	6¼-6	6¼-6
ECU Linked Deposits	—	—	7 11/16-7 9/16	7 11/16-7 9/16	7½-7⅜	7½-7⅜

Treasury Bills (sell); one-month 10 13/32 per cent; three-months 10½ per cent; Bank Bills (sell): one-month 10 23/32 per cent; three months 10 11/16 per cent; Treasury Bills; Average tender rate of discount 10.5433 p.c. ECGD Fixed Finance Scheme IV reference date November 29 to December 31 (inclusive); 11.392 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from January 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10⅝ per cent; six-nine months 10⅝ per cent; nine-12 months 10⅝ per cent; Under £100,000 10 per cent from January 23. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

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DRAPERY & STORES—Cont.

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ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
102	78	♦Millets Leis 10p	78	......	12.4	2.6	4.4	12.0
79½	45	Mitchell Cotts	61	–½	1.5	2.1	3.5	15.7
128	81	♦Monks & Crane 10p	122	–2	12.7	2.9	5.1	14.9
323	210	Morgan Crucible	321	+1	18.5	1.5	3.7	21.3
23½	15½	♦Morris (W) F.A. 20p	20½	+½	—	—	—	—
169	66	♦Myson Grp 10p	168	+1	12.63	2.6	2.2	21.7
366	213	♦NMW Computers	347	+5	16.0	3.0	3.4	14.2
151	27	Nash Inds.	151xd	+15	1.5	♦	1.4	♦
‡27½	12½	Neill & Spencer 10p	15½	–1	—	—	—	—
39	28	Newman Inds 10p	37	+1	10.8	1.5	3.0	(28.3)
134	65	Noble & Lund 10p	88	......	0.7	4.3	1.1	29.0
158	152	Nolan Group 10p	153	......	R4.75	2.8	4.4	11.6
65	39	Norton	55	–1	1.2	2.9	3.2	15.2
152	96	♦Norank Systems 5p	144	......	m1.5	—	1.5	18.5
286	187	Norcros	267	–1	19.3	2.3	4.9	12.2
243	49	No-Swift 5p	240	+3	13.5	2.1	2.0	32.7
£350½	£228	OCE 9pc Cnv 1987-92	£282½	......	Q9%	—	f3.2	—
125	80	Oakwood Grp.	125xd	+4	4.0	♦	4.5	♦
250	173	Office & Elect	189	......	8.5	2.9	6.3	7.7
34	26	♦Omnitech 1p	32	......	—	—	—	—
36	18	♦Optometrics $0.01	21	......	—	—	—	—
890	500	Oriflame £1	810	......	t28.5	2.1	5.0	25.7
10	5	Ovenstone 12½c	5½	–¼	9Q3.23c	1.9	17.4	3.0
142	85	♦PCT Grp 10p	138	......	d3.2	—	4.9	—
£20½	£13½	PLM 'B' Sk 25	£16¼	+¼	Q23.2%	0.3	3.6	—
255	160	♦Pacer Systems $0.01	167	+3	[illegible]	4.9	2.6	14.7
176	97	Pacific Dunlop $0.50	175	......	[illegible]	2.1	2.8	17.6
78	44	♦Pacific Sales 10p	46	......	3.0	1.4	9.2	11.0
528	246	Parker Knoll 'A'	497	–3	12.0	3.2	3.5	12.5
222	83	♦Parkfield Group 2p	210xd	......	13.6	4.2	2.4	13.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

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LEISURE—Continued

MOTORS, AIRCRAFT TRADES

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MINES

Central Rand

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MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
310	150	♥McFinley Red Lake	157	+5	—	—	—
285	113	♥Mosse Explorations	126	–2	—	—	—
51	28	♥New Sabina Res C$1	41	......	—	—	—
353	200	Northgate C$1	330	+6	—	—	—
790	513	RTZ	751	–1	22.0	2.4	4.1
£164	£115	Do. 9½pcLn '95-2000	£152½	–½	Q9½%	15.5	f6.2

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
51	36	Catalyst Comm. 5p	43	–1	—	—	—	—
55	10	Eglinton Oil Ir£0.05	45	–1	—	—	—	—
40	8	Do. Warrants	36	......	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ▲ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- † Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	68	......	Fin. 13% 97/02	£101¼	+¼
Craig & Rose £1	£14¾	+¼	Arnotts	390	......
Finlay Pkg. 5p	58	......	CPI Hldgs.	58	+1
Holt (Jos) 25p	840	......	Carroll Inds.	138xd	+2
IoM Stm. £1	78	......	Dublin Gas	10xd	......
			Hall (R. & H.)	95	......
IRISH			Heiton Hldgs.	32	+2
Fund 11¾% 1988	£97½	......	Irish Ropes	146xd	......
Nat. 9¾% 84/89	£93¾	+¼	Unidare	365	[illegible]

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2

* New time dealings may take place from 9.00 am two business days earlier.

Opinion poll rumours weaken equities and Government bonds at the end of the session

The UK securities markets stumbled yesterday as share prices fell back on increased profit-taking, and Government bonds proved unable to sustain early firmness. While there were no new factors in the marketplace, both sectors proved particularly vulnerable to a spate of bearish rumours.

The session opened with widespread rumours that Midland Bank was about to announce the long-predicted rights issue. But the major part of a double digit fall in major Equity indices came after midday, when two major selling programmes were opened, one involving share prices across the full range of equities. The final straw came at the close, when both shares and bonds turned off afresh on strong rumours that today's (Friday) UK press would carry an opinion poll bearish to the Thatcher Government.

The stock market closed flat, with the FT-SE 100 index down 14.0 at 1798.1, and the FT ordinary index 13.4 off at 1427.0.

BAT Industries and Unilever managed to hold up against the trend, and Imperial Chemical Industries turned down only in the closing minutes. Elsewhere, however, the picture was drab.

Oil stock, despite Wall Street's strength, weakened and falls in the pharmaceuticals were featured by Wellcome, which tumbled after Dr Arnab Banerji of Nomura Securities marked the shares a "sell."

The strength of Wall Street failed to rub off onto international stocks in the London market. Among the recently-favoured issues, both Saatchi & Saatchi and Jaguar gave ground.

On the domestic side, interest focused around trading statements from several major companies. Trustee Savings Bank (TSB) shaded easier after reporting profits at the higher end of market expectations, and Lonrho, the newspaper and international trader, also eased after reporting trading progress.

Gold shares, still unsure of the next turn in the fortunes of the US dollar, slipped lower in thin trading.

The opening of the London market brought some demand from the Continent for UK Government bonds. But this soon faded and prices were already shading lower when the market turned sour on the reports that a UK opinion poll would show the two main parties running neck and neck—an unfavourable prospect from the Government's point of view.

However, there was little selling of Gilts, and losses were restricted to ½ or so.

Lloyds broker, Sedgwick, still reflecting the defection of four senior reinsurance brokers to Willis Faber, fell 15 more for a two-day decline of 19 at 317p. Hogg Robinson also came on offer at 372p, down 12½. Elsewhere, Composites retreated sharply after-hours on fund-raising fears. General Accident fell 23 to 874p and GRE declined 21 to 834p, while Royals dropped 17 to 898p and Sun Alliance relinquished 20 to 708p. Commercial Union softened 6½ at 295½p, but London United proved resilient and closed 8 dearer at 548p.

Midland fall

Revived rumours that Midland was about to announce a sizeable rights issue depresed the clearing banks. Midland, steady for most of the session, reacted late to finish 10 down on balance at 599p. NatWest dropped 13 to 574p and Lloyds 22 to 475p; the latter were also upset by a broker's view that the shares should be avoided until Lloyds' intentions regarding Standard and Chartered are more clearly defined. Barclays held up well, closing only a few pence lower at 535p. TSB's first set of results since its flotation last year were deemed satisfactory, but the general uneasy tone in the sector prompted a fall of 2¼ at 80p. Buying ahead of next Wedneday's results helped Union Discount rise 25 to 753p, while Morgan Grenfell edged forward a couple of pence to 415p on a combination of recovery and bid hopes. Among Hire Purchases, First National Finance Corporation advanced 6 to 212p following renewed speculative support.

Hopes of a bullish annual meeting yesterday were wide of the mark and Bass after racing up to 811p reacted to close 2 down on balance at 791p. Guinness drew a good two-way business—total volume amounted to 6.4m shares—but late in the session eased back to 286p. Greene King found renewed support and gained 2 to 299p while Irish Distillers moved up 10 to 206p. Allied-Lyons became unsettled late, losing 6 to 329p.

Leading Building issues usually retained early gains despite the late deterioration of the general tone. Redland rose 3½ more to 456½p and BPB Industries gained 6 to 571p. Marley replied strongly to a broker's recommendation and put on 5 to 142p, while John Laing advanced 10 to 448p on talk of a broker's circular. Meyer International jumped 13 to 312p following a resurgence of bid rumours, while Gleeson, still reflecting the chairman's confident statement, rose 10 more to 388p. Buyers continued to show interest in Higgs and Hill, up 6 more at 570p, while speculative demand lifted Walter Lawrence 6 to 114p. Press comment sparked strong demand for Halma Industries, finally 3¼ higher at 81½p.

Among Chemicals, Evode found support at 143p, up 9 and Supra gained 10 to 108p in sympathy. Reabrook jumped 17 to 138p on news that Yule Catto had increased its stake to 13 per cent. Horace Cory continued to attract speculative interest and added 5 more at 28½p.

Leading retailers featured Next which rose 9 to 254p in response to a Messel "buy" circular. Rumours of a pending favourable circular induced support for Woolworth which touched 725p before closing 9 higher on balance at 718p. Awaiting the result of the shareholders ballot on the proposed controversial executive share option scheme, Burton reacted from an initial firm level of 273p to close the session 5 lower on balance at 268p. Elsewhere, Ernest Jones (Jewellers) relinquished 4 at 106p on news of the increased interim deficit and W. H. Smith "A" lost 9 at 300p following comment on the first-half figures. Lee Cooper, meanwhile, jumped 13 more to 308p on further consideration of the increased stake taken in the company to Compagnie de Navigation Mixte SA. Freemans added 7 at 401p as did Empire Stores at 195p, while French Connection appreciated 10 to 180p and Wickes added the same amount to 218p.

Apart from British Telecom which rose 4 to 224p, after 225p, on hopes of an early end to the strike, Electrical leaders drifted lower. Thorn EMI gave up 12 at 558p, GEC shed 4½ at 202½p and Plessey cheapened a couple of pence at 210p. Elsewhere, Domino Printing Sciences celebrated news of the bumper annual profits with a leap of 27 at 367p. Dealings in Electronic Machine were resumed sharply below the suspended level of 85p following the announcement that the company had aborted discussions regarding a major acquisition and the eventual close was 66p. Magnetic Materials lost 7 at 92p and TDS Circuits declined 11 at 140p.

Despite a relatively quiet trading session, Engineers finished the day with a number of good features. Esterk moved up 10 to 190p in late dealings as the company announced an approach which it believes may result in bid proposals. ML Holdings responded to good interim figures with a rise of 15 to 505p, while TI continued to make progress with a further gain of 7 at 578p. Williams Holdings came to life and recorded an improvement of 11 at 649p. Profit-taking after the preliminary figures left Camford 3 cheaper at 102p. Among the leaders, GKN, a couple of pence higher at 298p, resisted the easier trend.

Associated British Foods gained 9 to 328p on talk that the company would soon use some of its cash mountain for a sizable acquisition, possibly in the US; a "buy" recommendation from brokers James Capel was cited as another factor for the sharp rise in the share price. Ranks Hovis McDougall touched 304p following the chairman's encouraging statement at the annual meeting before easing back to close just 2 dearer on balance at 302p. Elsewhere, Cadbury Schweppes eased 3 to 223p following the chairman's rebuff to General Cinemas, the US soft drinks bottling and cinema group which recently revealed an 8.3 per cent stake in the company. Glass Glover gained 12 to 238p in reply to the good annual results, but Home Farm Products shed 10 to 100p after revealing poor interim figures. Geest attracted support and rose 11 to 202p.

The Hotel majors made moderate progress before easing back late in the day. Grand Metropolitan touched 467p before closing a penny dearer at 465p. Trusthouse Forte edged forward to 207p amid increased traded option activity before settling a penny cheaper on balance at 205p.

Rank Org. below best

Rank Organisation's preliminary results were well received and the shares advanced strongly to 621p before easing in the late dealings to close well below the best with a gain of 21 on balance at 611p. Wellcome, in contrast, came under selling pressure following a "sell" recommendation from Nomura Research and fell away to finish 23 lower at 267p. More than trebled annual profits from its associate, Reebok International, directed fresh buying attention to Pentland Industries which put on 15 to 580p. Hestair moved up 10 to 176p in belated response to news of the sale of 6.5 acres of land at the Hestair Dennis site for £12m and the joint venture with London and Edinburgh Trust to develop industrial units on the site. Redfearn Glass firmed 5 further to 425p on news that GM Firth has acquired 446,500 shares in the company; in yesterday's issue the name of Rockware was given in error in connection with this holding. Marling Industries, enlivened by a newsletter recommendation, improved 7 to 96p, but Valor dipped 11 to 281p on the £700,000 charge relating to the imminent liquidation of a subsidiary involved in the direct selling of fitted kitchens. Fisons met with selling and gave up 14 to 599p, while Lilleshall encountered further profit-taking after recent firmness on property development potential and reacted 5 to 238p. Caleroll, on the other hand, were noteworthy for a gain of 12 at 242p. Among the leaders, Pilkington staged a strong initial recovery movement and moved ahead to 688p before falling back to close 13 better on balance at 679p. Falls of around 7 in BOC, 416p, BTR, 281p, and Hanson, 137½p, mainly reflected late dullness.

Perry figured prominently among Motor Distributors, meeting revived speculative demand and gaining 12 to 470p: the movement soon aroused talk of bid possibilities. Elsewhere, Abbey Panels picked up 10 further to 370p but BTS shed 2 to 77p following extremely disappointing interim figures.

Several high-flying Newspaper and Printing stocks took a tumble, including United Newspaper which failed to regain composure after an early bout of profit-taking and ended 18 down at 488p. Associated, on the other hand, gained 8 further to 521p and EMAP "A" came to life at 173p, up 12. Recent good performer Ault and Wiborg reacted 7 to 98p and DRG dropped 13 to 338p. John Waddington gave up 5 at 215p but Goodhead Print rose 4 more to 208p. Aidcom International were another firm feature at 60p, for a gain of 8. TMD Advertising improved 7 to 130p on acquisition news but most other Agencies went lower. Saatchi and Saatchi turned back 17 to 795p, WCRS lost 15 at 620p and Addison Consultancy slipped 3 to 139p. Kleeneze moved 2 lower to 71p on the poor results.

Among leading Properties, British Land held steady at 190p helped by a broker's recommendation. Land Securities settled 4 cheaper at 342p and MEPC finished 3 off at 344p. Hammerson A eased 5 to 445p and Slough Estates cheapened 2½ to 181½p. Elsewhere, London and Edinburgh continued to attract buyers in the wake of a broker's tip and rose 10 afresh to 600p, while Local London gained 19 to 493p for a similar reason. Speculative buying boosted Rivlin 10 to 133p, but profit-taking clipped 15 from Marler Estates at 638p. London Shop Property Trust settled a penny lower at 176p following the interim results.

Courtaulds dipped late with other blue chips and finally showed a small net loss at 378p; earlier the shares had extended their advance to reach a high point of 384p. Preliminary profits up to best expectations stimulated support for Allied Textile, up 10 at 345p, and Bulmer and Lumb, now controlled by the group, rose 8 to 158p. Revived property hopes touched off buying of Early's of Witney which jumped to 176p before closing 8 higher on the day at 173p, while Leeds were another good spot at 248p, for a rise of 10p.

A higher dividend payment plus increased annual revenue breathed some life into recently-static M and G Group, which firmed slightly to 278p. An encouraging preliminary trading statement, and the possibility of enhanced growth, also helped Argyle Trust move higher to 117p, while Harvey and Thompson rose 20 further to 335p in response to Wednesday's good interim results. Elsewhere among Financial Trusts, General Oriental rose 13 more to 445p. Mercantile House, however, eased to 363p following fresh adverse comment.

Investment Trusts had a quieter session but Jersey General gained 9 to 377p and Lancashire and London improved 5 to 180p. Scottish Cities "A" advanced 10 to 540p.

Oils drift

The Oil majors made a rather drab showing. A slightly firmer showing by crude prices did little to stimulate buying interest and Wall Street's fresh advance also went by the board. British Petroleum gave up 11 more to 772p, a two-day loss of 21, but Shell were unchanged at £10¼. Britoil slipped 3 to 187p and Lasmo softened 2 to 171½p. Against the trend, Ultramar firmed 6 to 186p on revived takeover hopes. Elsewhere, profit-taking left Aran Energy 2 cheaper at 43p and clipped 8 from Great Western Resources at 100p.

Annual profits at the top end of recently downgraded estimates failed to arouse much enthusiasm for Lonrho. A confident statement on current trading did lift the shares initially but later the price came back to 254p to show a net loss of 4. Other Overseas Traders adopted an irregular trend with Harrisons and Crosfield retreating 9 to 502p but Tozer Kemsley recovering 4 to 148p.

It was a disappointing session for gold shares, which gave ground across the full range although selling was extremely thin.

Despite firm denials that any emergency meeting of the G-5 finance ministers is planned, investors remained nervous over the dollar.

The FT Gold Mines index fell 8.5 to 322.6, backed up by sharp falls in Bracken, Leslie, Vaal Reefs and most of the other leaders of the sector.

But traders commented that there was no significant selling by either Cape, US or Continental sources.

Traded Options

Dealers reported a rather lacklustre session overall in Traded Options, but a very active trade in British Telecom call positions. Here, 5,848 calls were transacted out of the overall total of 28,229, with 2,669 done in BT's February 220's and 1,118 in the February 200's. Elsewhere, TSB recorded 2,508 calls and 481 puts following the results, while 1,715 call positions were taken out in Boots.

Traditional Options

- First dealings
  Jan 19 Feb 2 Feb 16
- Last dealings
  Jan 30 Feb 13 Feb 27
- Last declaration
  Apr 23 May 7 May 28
- For settlement
  May 5 May 18 June 8

For rate indications see end of Unit Trust Service

Stocks to attract call option business included Hampton Trust, Avesco, Acatos & Hutcheson, Manganese Bronze, Benchmark, Phoenix Properties, Selec TV, Squirrel Horn, FJC Lilley, Blacks Leisure, Atlantic Resources, London Securities, Times Veneer, Glynwed, Evode, Amstrad, Pavion, Benjamin Priest, Wellcome, Pentland Industries, Jerome, Riley Leisure, Walter Lawrence, Hyman, Ladies Pride, Folkes N/V, J. Israel, Britoil, NMW Computers, Theme Holdings and Conroy Petroleum. Puts were arranged in Wellcome, Avesco and Dominion International, while double options were transacted in Selec TV, Guinness and Amstrad.

FINANCIAL TIMES STOCK INDICES

	Jan. 29	Jan. 28	Jan. 27	Jan. 24	Jan. 23	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.35	85.31	85.37	85.49	85.63	81.23	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.43	91.47	91.35	91.75	91.61	87.18	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,427.0	1,440.4	1,441.6	1,411.2	1,425.9	1,156.4	1,441.6 (27/1/87)	1,094.3 (14/1/86)	1,441.6 (27/1/87)	49.4 (26/6/40)
Gold Mines	322.6	331.1	322.9	318.5	322.7	342.2	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.99	3.96	3.96	4.03	4.00	4.46				
Earnings Yld.%(full)	9.36	9.29	9.30	9.47	9.37	10.85				
P/E Ratio (net) (*)	13.10	13.20	13.18	12.94	13.08	11.47				
SEAQ Bargains (5 pm)	37,029	39,468	35,800	37,845	43,119	—				
Equity Turnover (£m)	—	1,483.77	1,254.59	1,188.27	1,386.26	585.52				
Equity Bargains	—	48,859	47,014	46,908	53,620	23,765				
Shares Traded (ml)	—	575.1	525.7	490.4	566.3	256.8				

S.E. ACTIVITY

Indices	Jan. 28	Jan. 27
Gilt Edged Bargains	126.3	142.2
Equity Bargains	316.6	304.6
Equity Value	2999.1	2595.8
5-Day Average		
Gilt Edged Bargains	142.2	146.7
Equity Bargains	311.0	306.8
Equity Value	2769.6	2648.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1440.0	1436.8	1440.6	1442.9	1441.7	1441.7	1440.8	1433.2

Day's High 1443.0. Day's Low 1425.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=12.62.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (223)

BRITISH FUNDS (2). AMERICANS (6). CANADIANS (4). BANKS (1). BUILDINGS (13). CHEMICALS (8). STORES (10). ELECTRICALS (6). ENGINEERING (7). FOODS (10). HOTELS (1). INDUSTRIALS (43). INSURANCE (3). LEISURE (8). MOTORS (6). NEWSPAPERS (5). PAPER (7). PROPERTY (13). SHIPPING (3). TEXTILES (7). TRUSTS (53). OILS (2). OVERSEAS TRADERS (3). MINES (2).

NEW LOWS (5)

CHEMICALS (1) Morcanin. ELECTRICALS (1) F & H Group. INDUSTRIALS (2). Brierley Inv, Sidlaw. LEISURE (1) Spectrum.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	8,500	144	−3	Ladbroke	561	398	−2
Allied Lyons	7,600	329	−6	Land Securities	4,800	342	−4
Amstrad	4,600	152	−2	Legal & Gen.	3,200	270	−5
Assoc. Brit. Foods	9,500	328	+9	Lloyds Bank	1,900	475	−22
BAT	3,600	495	+4	Lonrho	2,000	254	−4
BET	1,000	498	+3	Marks & Spncr.	10,000	190½	−2½
BOC	1,100	416	−7	Midland Bank	1,300	599	−10
BPB Inds	1,200	571	+6	NatWest Bank	935	574	−13
BTR	2,600	281	−7	Pearson	1,000	576	−5
Barclays	2,400	535	−3	P & O	2,700	564	+3
Bass	1,700	791	−2	Pilkington Bros	5,900	679	+13
Beecham	3,800	475	−1	Plessey	6,900	210	−2
Blue Circle	199	685	−3	Prudential	372	845	−8
Boots	5,900	267	−1	Racal	12,000	211	−1
Brit. Aero	1,200	578	−1	Rank Org.	4,100	611	+21
Brit. Gas	33,000	68	−½	RHM	1,300	302	+2
Britoil	2,500	187	−3	Reckitt & Col	742	944	−11
BP	3,700	772	−11	Redland	1,400	456½	+3½
Brit. Telecom	14,750	224	+4	Reed Intl.	715	372	+2
Burton	5,300	268	−5	Rentokil	433	589	−2
Cable & Wire	4,100	334	−1	RTZ	1,100	751	−1
Cadbury Schwps	3,600	223	−3	Rowntree Mac	886	461	−6
Coats Viyella	1,600	348	−6	Royal Insurance	986	898	−17
Comm. Union	3,900	295½	−6½	STC	1,300	197	−1
Cons. Gold	1,900	746	−13	Saatchi & Saatchi	679	795	−17
Cookson	575	348	−12	Sainsbury	908	437	−1
Courtaulds	3,000	378	−1	Scott & Newcastle	246	208	−1
Dee Corp	2,000	225	—	Sears	8,900	123¼	−1¼
Dixons Grp	2,700	307	−5	Sedgwick	4,600	317	−15
Fisons	1,200	599	−14	Shell Trans	1,800	£10¼	—
Gen. Accident	769	874	−23	Smith & Nephew	2,700	138½	−1½
Gen. Elect.	6,400	202½	−4½	Standard Chart.	53	777	−3
Glaxo	1,400	£12⅛	−⅛	Storehouse	5,000	280	−2
Granada	1,400	347	−3	Sun Alliance	341	708	−20
Grand Met	2,400	465	+1	TSB	18,000	80	−2¼
Gus "A"	98	£11⅛	−⅛	Tarmac	1,800	467	−3
Guardian R.E.	1,400	834	−21	Tesco	669	424	−5
GKN	2,100	298	+3	Thorn EMI	2,750	558	−12
Guinness	6,400	286	−3	Trafalgar House	3,400	295	−4
Hanson Trust	9,650	137½	−6½	T'house Forte	3,200	205	−1
Hawker Sidd	445	529	−4	Unilever	721	£23¼	+⅛
Hillsdown Hlgs	3,900	225	−4	United Biscuits	2,200	255	−1½
ICI	2,900	225	−4	Wellcome	8,700	267	−23
Imp. Cont. Gas	1,200	580	+1	Whitbread 'A'	2,400	282	−3
Jaguar	1,400	595	−2	Woolworth	2,100	718	+9

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	41	42	29
Corporations, Dominion and Foreign Bonds	0	0	71
Industrials	464	480	587
Financial and Properties	160	153	273
Oils	25	39	49
Plantations	1	3	10
Mines	26	77	80
Others	61	44	54
Totals	798	838	1,153

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Thursday January 29 1987

FIXED INTEREST

LONDON TRADED OPTIONS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

Jan. 29	Price Sch.	+ or —
Credi'nst'lt pp	2,080	+5
Goesser	2,990	—70
Interunfall	12,900	—100
Jungbunzlauer	10,700	+50
Laenderbank	2,075	+30
Perlmooser	655	—3
Steyr Daimler	146	—5
Veitscher Mag	1,910	—45

BELGIUM/LUXEMBOURG

Jan. 29	Price Frs.	+ or —
B.B.L.	3,070	—30
Banq.Gen. Lux	15,500	—
Banq.Int.A.Lux.	15,150	—
Bekaert	9,000	—500
Ciment CBR	4,325	+75
Cockerill	157	—2
Delhaize	2,740	—10
EBES	5,070	—30
Fabrique Nat	1,800	—5
GB Inno BM	928	—22
GBL (Brux)	3,800	—15
Generale Bank	6,330	+30
Gevaert	6,090	—50
Hoboken	7,990	+140
Intercom	3,970	+20
Kredietbank	4,240	+150
Pan Holding	10,850	+150
Petrofina	9,500	—10
Royale Belge	28,396	—3
Soc.Gen. Belge	3,340	—10
Sofina	12,175	—
Solvay	8,740	+80
Stanwick Int	250	+10
Tractebel	6,360	—10
UCB	10,000	—100
Wagons Lits	6,650	—59

DENMARK

Jan. 29	Price Knr %	+ or —
Baltica Skand	925	—
Cop Handels'nk.	284	—1
D. Sukkerfab	382	+1
Danske Bank	365	—2
East Asiatic	226	+3
Forenede Brygg.	980	—5
GNT Hld	340	—
I.S.S.B	825	—10
Jyske Bank	550	+5
Novo Inds*	248	—
Privatbanken	262	—1
Sophus Berend.	840	+5
Superfos	168	+3

FINLAND

Jan. 29	Price Mks.	+ or —
Amer	191.5	+0.5
KOP	46	—0.8
Kone	189	—7
Finnish Sugar	97	—1
Nokia	157.5	—6.5
Pohjola 'B'	74.5	—
Rauma-Repola	21	—
Stockmann 'B'	147	+2
USF 'C'	30.6	—0,1
Wartsila (S11)	161	+2

NETHERLANDS

Jan. 29	Price Fls	+ or —
ACF Holdings	57	+1.5
AEGON	80.5	+2.5
Ahold	101.6	+1.6
AKZO	152.7	+4.3
ABN	512	+15
AMEV	67.5	+0.3
AMRO	86	+1.5
Bredero Cert	75.5	+6.5
Buehrmann Tet.	50.9	+1.1
Dordtsche Pet'm	199.5	—0.8
Elsevier-NDU	234	+4
Fokker	51.5	—1.0
Gist Brocades	39.4	+0.6
Heineken	160	+4
Hoogovens	32.6	+0.3
Hunter Doug NV	59.2	—
IHC/Caland	17.0	+0.2
Int. Mueller	62.5	—0.1
KLM	38	—0.1
KNP	134.7	+1.8
Nat Ned Cert	75.8	+3.0
Ned Mid Bank	185.5	+2.5
Nedlloyd	161.5	+4.5
Oce Grinten	414	+11
Ommeren (Van)	34.5	+0.5
Pakhoed	63.5	—0.2
Philips	43.4	+0.4
Robeco	96	+0.1
Rodamco	140	+0.2
Rolinco	85.7	—
Rorento	50.4	+0.1
Royal Dutch	214	—0.4
Unilever	500	+4
VMF Stork	23.6	+0.6
VNU	319	—4
Wessanen	78	—0.6
Wolters Samson	114.5	+0.5

GERMANY

Jan. 29	Price Dm.	+ or —
AEG.	302	+9
Allianz Vers	1,800	+100
BASF	246.5	+3.5
Bayer	296.5	+3.5
Bayer-Hypo	469	—
Bayer-Verein	442	—
BHF Bank	470	+2
BMW	457	+12
Brown Boveri	279	—2.2
Commerzbank	290	+8
Cont'l Gummi	301.5	+1.5
Daimler-Benz	995	+10
Degussa	482	+11.5
D'sche Babcock	225	+3
Deutsche Bank	745.5	+10.5
Dresdner Bank	357	+4
Feld-Muehle Nbl	275	+3
Henkel	448	—
Hochtief	949	—31
Hoechst	237	+1
Hoesch Werke	99.7	—0.3
Holzmann (P)	640	—1
Horten	228.5	+6.5
Hussel	606	+5
Karstadt	460	+6.5
Kaufhof	519	+24
KHD	151.2	+3.2
Kloeckner	56.5	—
Linde	634	+9
Lufthansa	160.5	—5.5
MAN	146.2	+2.2
Mannesmann	158	+5
Mercedes Hld.	830	+15
Metallgesell.	565	—
Muench Rueck	1,940	+5
Nixdorf	753	+18
Porsche	675	+15
Preussag	187	—
Rhein West Elect	220	+1
Rosenthal	290	+5
Schering	520	+9
Siemens	670	+13
Thyssen	112.5	+2
Varta	365	—
Veba	267.5	+6.5
V.E.W.	155	—
Verein-West	476	—
Volkswagen	349.5	—0.5

ITALY

Jan. 29	Price Lira	+ or —
Banco Com'le	24,800	—200
Bastogi-IRBS	584	—6
C.I.R.	6,490	—40
Credito Italiano	3,225	—40
Fiat	13,750	+80
General Assicur.	133,400	—600
Italcementi	73,100	—50
La Rinascente	1,025	+10
Montedison	2,880	—10
Olivetti	12,550	—80
Pirelli Co.	7,000	—250
Pirelli Spa	5,010	—
Saipem	4,499	—107
Snia BPD	4,765	—15
Toro Assic.	30,350	—155

FRANCE

Jan. 29	Price Frs.	+ or —
Emprunt 4½% 1975	1,635	—
Emprunt 7% 1973	8,001	—
Accor	529	—1
Air Liquide	699	—13
BIC	740	+1
Bongrain	2,419	—51
Bouygues	1,290	+15
BSN Gervais	4,570	—90
CIT Alcatel	2,190	—20
Carrefour	3,665	—90
Club Mediter'n	660	—16
Cie Bancaire	1,075	—38
Cofimeg	402	—1
Damart	2,240	—110
Darty	481	—6
Dumez S.A.	2,130	+19
Eaux (Cie Gen)	1,419	—16
Elf Aquitaine	339	—6
Essilor	3,530	—150
Gen.Occidentale	1,220	—35
Imetal	98.5	—0.5
Lafarge Coppee	1,455	—44
L'Oreal	3,810	—140
Legrand	5,400	—200
Maisons Phoenix	182	—
Matra S.A.	2,300	—50
Michelin B	2,950	—75
Midi (Cie)	1,620	—70
Moet-Hennessy	2,210	—70
Moulinex	100	—
Nord Est	199.1	—2.9
Pernod Ricard	1,026	—12
Perrier	791	—16
Petroles Fra.	446	—7.5
Peugeot S.A.	1,255	—26
Printemps (Au)	565	+4
Radio Tech	2,060	—30
Redoute	3,030	+65
Roussel-Uclaf	1,590	—30
Sefimeg	476	—2
Skis Rossignol	1,490	—70
Telemec Elect	3,300	—90
Thomson (CSF)	1,535	—55
Valeo	510	—8

NORWAY

Jan. 29	Price Kroner	+ or —
Bergens Bank	187	+4
Bergesen B.	265	—
Christiana Bank	200	+5
DenNorske Cred.	170	—4
Elkem	91	+1.5
Kosmos	138.5	—
Kvaerner	183	+1
Norsk Data	119.5	+2
Norsk Data	229	+4
Norsk Hydro	131	—9
Orkla-Borregaad	379	+6
Storebrand	304	+3

SPAIN

Jan. 29	Price Pts %	+ or —
Bco Bilbao	1,540	+10
Bco Central	1,130	+9
Bco Exterior	486	—
Bco Hispano	630	+30
Bco Popular	1,750	+35
Bco Santander	1,160	+10
Bco Vizcaya	1,925	—
Banesto	870	+10
Dragados	599	—
Hidrola	100	—0.7
Iberduero	149.2	—2.3
Petroleos	585	+2
Telefonica	180	—4

SWEDEN

Jan. 29	Price Kronor	+ or —
AGA	142	+1
Alfa-Laval B	270	+2
ASEA (Free)	292	+6
Astra (Free)	505	—5
Atlas Copco	140	—
Beijer A B	136	—2
Cardo (Free)	160	—
Cellulosa	256	+1
Electrolux B	272	+3
Ericsson B	196	+5
Esselte	127	—1
Mo och Domsjo	220	+10
Pharmacia	201	+6
Saab Scania Free	650	—10
Sandvik	135	—
Skandia	114	+4
Skan Enskilda	107	+3
SKF	310	—
Stora Kopparbrg.	269	—1
Sven. Handidsbk	390	+5
Swedish Match	418	—2
Volvo B (Free)	265	+2

SWITZERLAND

Jan. 29	Price Frs.	+ or —
Adia Intl	8,950	+150
Alusuisse	500	+10
Bank Leu	3,575	+100
Brown Boveri	1,740	—10
Ciba Geigy	3,325	—15
do. (Part Certs)	2,230	+30
Credit Suisse	3,550	—
Elektrowatt	3,690	—10
Fischer (Geo)	2,050	+110
Hoff-Roche PtCts	115,000	—
Hoff-Roche 1/10	12,125	—125
Jacobs Suchard	7,275	—25
Jelmoli	3,875	—
Landis & Gyr	1,760	+10
Nestle	8,125	+25
Oer.Buehrle	1,230	—10
Pargesa Hldgs	2,270	—
Pirelli	450	—1
Sandoz (Br)	10,750	+150
Sandoz (Pt Cts)	1,690	+30
Schindler (PtCts)	690	—
Sika	1,725	—15
Surveillance A	8,500	—100
Swissair	1,100	—50
Swiss Bank	522	+4
Swiss Reinsce	17,550	+50
Swiss Volksbk	2,450	+10
Union Bank	5,700	+10
Winterthur Ins	6,925	—25
Zurich Ins	7,900	—25

AUSTRALIA

Jan. 29	Price Aust. $	+ or —
ACI Intl	3.85	—0.21
Adelaide Steams	13.8	—0.2
Amcor	4.4	—
ANZ Group	5.5	—0.02
Ampol Pet	2.75	—
Ariadne	3.58	—0.04
Ashton	2.85	+0.05
Aust. Guarantee	3.57	+0.02
Aust. Nat. Inds	3.2	—
Bell Group	9.8	—0.02
Bell Res	4.5	—0.01
Bond Corp Hldgs	2.65	—0.08
Boral	4.48	—0.02
Bougainville	3.35	—0.71
Brambles Inds	7.7	—
Bridge Oil	0.99	+0.02
BHP	9.14	—0.06
Burns Philp	9.1	—0.01
CRA	7.2	—0.01
CSR	5.56	+0.02
Chase Corp	4.9	+0.02
Claremont Pet	0.9	—
Coles Myer	6.14	—
Comalco 'A'	2.58	—0.12
Consolidated Pet	0.34	—
Costain Aust	3.15	+0.05
Elders IXL	4.6	—0.02
Energy Res	1.8	—

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices January 29

MONTREAL

Closing prices January 29

Indices

NEW YORK

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
Aidcom Intl.	60	+ 8
All Text	345	+10
Ass. Br. Fds	328	+ 9
Domino Print.	367	+27
EMAP	173	+12
Ear. of Wtny	173	+ 8
Gl Golver	238	+12
Har & Thompson	335	+20
Leeds Gr	248	+10
ML Hldngs	505	+15
Meyer Intl.	312	+13
Pentl Inds	560	+15
Perry	170	+12
Pilk Bros.	679	+13
Raine Inds.	81½	+ 3½
Rank Org.	611	+21
Rivlin	133	+10
Rotork	190	+10
Supra	107	+ 9
Uni Discount	753	+25

FALLS		
Ault & Wiborg	98	− 7
BP	772	−11
Gen Acc.	874	−23
Home Farm Prods.	100	−10
Lloyds Bank	475	−22
Royal Ins.	898	−17
Saatchi & Saatchi	795	−17
Sedgwick	317	−15
Utd. News	488	−18

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28¾	17	AAR s	.50	1.7	21	261	28⅝	28	28⅞	+⅞
30½	21⅞	ADT	.92	3.1		1016	29⅝	28¾	29⅝	+⅜
37⅞	17¾	AFG s	.12i	.3	11	301	37½	36⅞	37¼	−¼
34⅞	16¾	AGS			22	82	33¼	33	33	+⅛
15	6¾	AMCA				5	7⅛	7⅛	7⅛	−⅛
62⅞	46	AMR			13	13557	60¼	57⅛	58	−1½
27½	24	ANR pf	2.67	9.9		34	26⅞	26¾	26⅞	
16½	10	ARX	.71t	6.1	11	40	11¾	11⅝	11⅝	−⅛
42⅞	28¾	ASA	2a	4.8		614	41⅝	41⅛	41⅝	+½
18⅝	9¾	AVX		2.3		292	14¾	13½	13⅝	−1¼
32	26	AZP	2.72	8.9	10	3518	30⅝	30¼	30½	+⅛
55	31⅝	AbtLb s	.84	1.5	24	5482	u55¼	54⅜	54⅝	−⅛
32	25	AccoWd	.62	2.2	18	347	28⅛	28	28	+⅛
14⅞	9	AcmeC	.40	3.4	22	80	11⅝	11⅜	11⅝	
9¼	6⅛	AcmeE	.32b	4.1	27	61	8	7¾	7¾	−⅛
23⅞	17½	AdaEx	3.42e	16.		105	21⅛	20⅞	20⅞	
16⅝	9¾	AdmM s				74	14⅜	14¼	14¼	⅛
20⅝	12⅛	AdvSys	.62t	3.2	15	168	19½	19⅛	19⅛	
32⅞	12⅞	AMD			5	3783	17¼	16⅝	17	−½
11⅞	5¼	Adobe				2601	8½	8	8⅜	+⅜
17⅞	13¾	Adob pf	1.84	10.		79	u18	17⅞	18	+⅛
20¾	16⅝	Adob pf	2.40	11.		69	u21¼	21	21¼	+½
18⅝	11½	Advest	.12a	.9	11	1390	13½	12⅞	13¼	−⅛
66¼	53	AetnLf	2.64	4.3	9	4569	61⅝	60½	61	−⅜
54⅝	51⅛	AetL pf	3.94e	7.5		20	52⅝	52⅜	52⅝	−⅛
42⅞	16	AhlPb s	.32	.8	41	297	u43⅝	42⅞	42⅛	−¾
28¾	18¼	Ahmns s	.88	3.8	7	13258	23½	22¾	23¼	+¼
5¾	2⅞	Aileen				21	4⅛	3⅞	4	
42⅝	29⅛	AirPrd s	.80	1.9	347	1027	u42⅞	41½	41⅝	−½
32½	16	AirbFrt	.60	1.9	23	77	32¼	31⅞	32¼	+¼

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26¾	18⅞	PeopEnl.32		5.7	10	461	23⅝	23	23¼	−⅜
48¼	29⅝	PepBoy .22		.5	32	341	47½	46⅞	47	−⅜
13⅛	10⅝	ParkF n.25e		2.2		145	11½	11¼	11½	
36⅞	23⅛	PerkEl .60		2.0	20	2258	30⅞	30¼	30⅝	+⅜
7½	5½	Prmian 55e		7.9	6	464	7	6⅞	7	
20⅞	12	PeryDr .22		1.7	22	169	13⅝	13¼	13¼	
35¾	23⅝	Petrie s .70		2.4	17	2408	29	28¼	28¾	+⅜
33	22¾	PetRs 2.57e		8.3		30	31¼	30⅞	31⅛	−⅛
20	18	PetRs pf1.57		8.2		2	19¼	19⅛	19⅛	−¼
3	1	Ptrlnv				737	1⅝	1¼	1⅝	
72⅞	46¼	Pfizer 1.80		2.6	17	5131	69⅝	68	68⅝	−⅞
32½	16	PhelpD			26	1757	25	24⅛	24½	+¼
63	45¾	Phelp pr 5		8.6		55	58	57¾	58	+¼
26	17⅞	PhilaEl2.20		8.6	10	2001	25¼	24⅞	25⅛	
43½	31½	PhE pfA3.80		8.9		z320	42½	42⅛	42½	+⅜
78	58½	PhE pfE 7		9.2		z200	76⅝	76⅛	76⅛	−⅜
98	70	PhE pfG8.75		9.2		z230	95½	95½	95½	
13⅞	11¼	PhE pfR1.41		10.		21	13⅝	13½	13⅝	
125	106¾	PhE pfO14.63		12.		1	123	123	123	−½
13¼	10⅞	PhE pfP1.33		10.		102	12¾	12⅝	12¾	
87¼	62	PhE pfH7.85		8.9		z4410	u88⅝	87	88⅝	+1⅝
12⅞	10⅝	PhE pfQ1.28		10.		153	12⅝	12	12⅝	+½
134¼	122½	PhE pfN17.13		13.		z540	129⅛	128½	129⅛	+⅝
124	110½	PhE pfM15.25		13.		z400	117⅞	117⅞	117⅞	
103	87	PhE pfL9.52		9.5		z100	100¼	100¼	100¼	−¾
103	75⅝	PhE pfK9.50		9.4		z330	101	99½	101	+1
88	65	PhE pfJ7.80		9.0		z1720	87½	86	86¾	+¼
82	61	PhE pf7.75		9.6		z10	81	81	81	−1
19¼	12⅝	PhilSb s .94		5.3	14	26	18	17¾	17⅞	−⅛
87½	45⅝	PhilMr s 3		3.3	16	15075	u91¼	87¼	91¼	+4
19	13	PhilpI s .36		2.1	15	x366	17⅝	16¾	17⅝	−⅛
13½	8¾	PhilPet .60		4.8	9	11214	12⅝	12¼	12⅝	
24½	19¼	PhlPt pf1.67e		7.5		1025	24⅛	24	24	
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8⅝	Wilfred .12		1.4	9	25	8½	8⅝	8⅝	
18½	11⅞	WRlcxG.15		.9	10	34	17¼	17⅛	17⅛	−⅛
29⅞	17⅛	Willamt.40		4.7		7911	u30	29⅝	29⅞	+¼
12¼	4⅝	WilmEl				187	5⅝	5¼	5⅝	
7⅞	4	WilshrO				41	5⅝	5½	5⅝	+⅛
17¾	16¼	Wincbl n				115	17	d16¼	16¼	−¾
50	35¼	WinDix 1.80		3.8	15	390	47¼	46	46½	−½
20¼	9	Winnbg .20		1.4	16	621	14	13¾	14	
7	3⅝	Winner				25	3⅝	3½	3⅝	
10⅞	5¼	WinterJ10e		2.7	18	15	6	5⅞	6	+⅛
64½	41⅛	WiscEn2.66		4.8	12	495	56⅝	55¼	55¾	−¾
108	88	WisE pf8.90		8.4		z30	106	106	106	−1
31	25	WisG pf2.55		9.3		3	27½	27½	27½	−½
60¼	40⅝	WiscPL3.04		5.7	13	116	53½	53	53	−⅝
60	39⅞	WiscPS 3		5.7	13	354	53⅛	52⅝	52⅝	−⅝
45⅝	29¾	Witco s 1.12		2.6	14	485	42⅞	42⅛	42⅞	+⅞
12⅞	8⅝	WolvrW				221	9⅝	9½	9⅝	
49	30¼	Wlwth s1.12		2.6	14	1580	44½	43⅝	43⅝	−⅜
137	86	Wolw pf2.20		1.8		2	124½	124½	124½	+4½
7	2	WrldAr				189	6⅝	6	6¼	
19¾	14⅞	WrldVl n				41	17½	17⅛	17⅛	−⅝
54	27½	Wrigly s .98		1.8	21	235	52¾	51¾	52¼	−¼
4⅛	1⅝	Wurlzr				22	3	2⅞	2⅞	−⅛
17½	11	WyleLb .32		2.1	30	807	16⅛	15½	15½	+⅜
25¼	15	Wynns .60		3.0		76	20⅝	20	20¼	−⅜

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¼	46⅞	Xerox	3	4.4	15	5780	69	67½	68⅝	+1
58¼	55	Xerox pf5.45		9.5		872	57¼	56	57¼	+⅞
28¾	27⅝	XTRA	.64	2.4		231	27⅞	27	27	+⅛
19	15½	Yorkin n				298	18½	18⅞	18¼	+¼
7	2¼	Zapata				378	3¼	3⅛	3¼	
43⅞	20⅝	Zayre s	.32	1.2	18	6771	26⅛	24⅞	25¾	−⅛
17	9¾	Zemex	.40	3.5	18	23	11⅞	11½	11½	
29⅞	17⅞	ZenithE				1151	25	24⅝	24⅞	−⅛
18¾	8	ZenLb s			56	421	9	8¾	9	
22⅞	12⅝	Zero s	.36	2.1	18	745	17⅛	15½	17	+⅜
45¾	32¾	Zurmn	1.32	3.2	15	169	41⅛	40⅞	41	−¼
10⅝	8¼	Zweig n.10e		1.1		614	9⅝	9¼	9⅝	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Prices fail to maintain modest gains

SEE-SAWING through the session, Wall Street stock prices failed to hang on to modest gains yesterday as the heavy volume showed no signs of abating, *writes Roderick Oram in New York.*

A firmer dollar helped bond prices post minor rises although trading was quiet as credit markets awaited today's release of December's trade deficit.

The Dow Jones industrial average closed down 3.38 points at 2,160.01. At its best during the day it was up 16 points and at its worst, shortly before the close, down 18 points. Among the blue chips, American Express was up $⅛ to $69½, IBM dropped $1¼ to $128¾, United Technologies added $¼ to $49⅝, and General Motors gained $2½ to $74½ after pension fund managers expressed guarded support for the group's policies.

Profit taking and less buying from institutions and foreigners took their toll and trading related to stock index futures pushed prices up and down at different points during the day. The broader market indices were mixed with the Standard & Poor's 500 off 1.16 points at 274.24 and the New York Stock Exchange composite index down 0.54 of a point at 156.18 while the American Stock Exchange composite index edged up 0.31 of a point at 299.80.

The NYSE volume expanded to 206.8m from 195.8m with declining issues outpacing declining by a ratio of eight to seven.

The Dow Jones transportation index dropped 15.99 points to 877.54, undermined by airline stocks which turned down after Texas Air announced a broad programme of discounted fares which could spark a fares war. Among the index's constituents, AMR fell $1½ to $58, Delta Air Lines was off $2½ to $56⅝, NWA lost $3⅞ to $63¾, UAL dropped $1⅞ and Trans World Airlines fell $¾ to $24⅞ despite reporting a fourth quarter profit of $85m, thanks to extraordinary gains, against a loss a year earlier. On the American Stock Exchange, Texas Air dropped $1½ to $44¾ on heavy volume.

Among companies reporting higher profits yesterday, Dow Chemical lost $⅝ to $72½. Schering Plough added $¼ to $88⅞, St. Paul Companies added $½ to $44¼, Marsh & McLennan was one of the most heavily traded NYSE stocks dropping $4½ to $87 and US Tobacco rose $⅜ to $24⅜.

AT&T fell $½ to $25¾. Heavy write offs resulted in profits per share for the year of 5 cents against $1.37 a year earlier. Bell Atlantic, a telephone operating company, slipped $¼ to $73½ on a marginal increase in profits.

Xerox advanced $1 to $68⅝. Fourth quarter per share profits rose to $1.29 from $1.06 with a better performance from financial services more than compensating for a downturn in the manufacture of copying machines.

Mead lost $¼ to $69¾. It went against the trend of many other forest products company by reporting a fall in fourth quarter profits to 31 cents a share from 42 cents a year earlier.

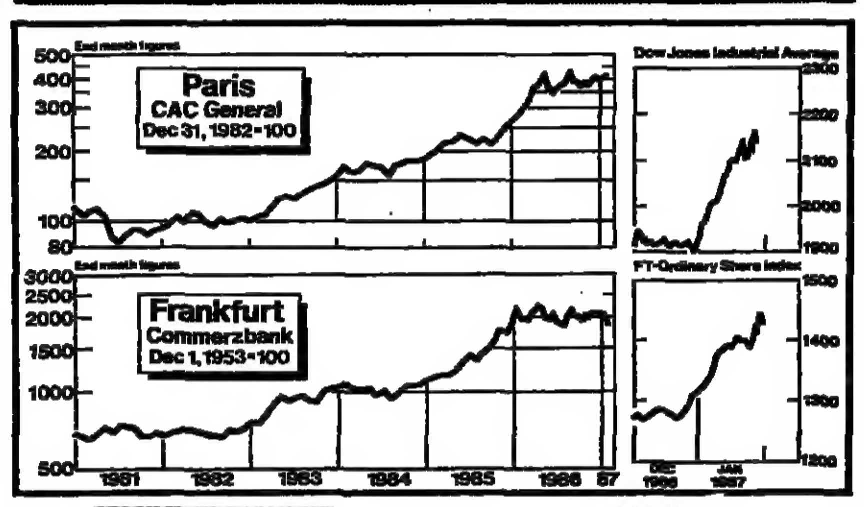
In the credit markets, bond prices were helped by a firmer dollar and some evidence of Japanese buying overnight. But after opening about ¼ of a point higher on Wall Street, they fell back slightly during the rest of the session.

The price of the benchmark 7.50 per cent Treasury long bond ended up 3/32 of a point at 100 9/16 at which it yielded 7.45 per cent. Short maturity securities showed marginal declines. The discount rate on three-month Treasury bills rose three basis points to 5.48 per cent, by six basis points on six-month bills to 5.46 per cent and by five basis points to 5.50 per cent on year bills.

December's durable goods orders, released yesterday, were a great surprise showing a rise from November of 0.9 per cent, or 6.9 per cent excluding defence orders, with the strength concentrated in primary metals. Economists had been forecasting a fall of between 2.5 per cent and 4 per cent. But the market was little affected by the news because of the narrowness of the advance and the volatility of the statistical series.

The markets reacted favourably to the Treasury's quarterly refunding plans announced late on Wednesday. The total value of securities to be sold, $29bn, is the same as in last November's auctions.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 29	Previous	Year ago
NEW YORK			
DJ Industrials	2,160.01	2,155.23	1,558.94
DJ Transport	877.54	891.23	755.58
DJ Utilities	224.61	228.39	174.85
S&P Composite	274.24	274.24	210.29
LONDON			
FT Ord	1,427.0	1,440.4	1,156.4
FT-SE 100	1,798.1	1,812.1	1,421.0
FT-A All-share	899.10	904.34	639.40
FT-A 500	990.00	994.56	760.63
FT Gold mines	322.6	331.1	342.2
FT-A Long gilt	10.00	10.01	10.72
TOKYO			
Nikkei	19,921.05	19,789.93	12,957.1
Tokyo SE	1,723.70	1,723.24	1,039.18
AUSTRALIA			
All Ord.	1,513.90	1,527.80	1,060.50
Metals & Mins.	761.80	771.70	533.70
AUSTRIA			
Credit Aktien	212.37	212.37	243.85
BELGIUM			
Belgian SE	4,046.79	4,047.26	2,828.79
CANADA			
Toronto			
Metals & Minls	2,208.0	2,208.7	2,290.0
Composite	3,350.7	3,349.9	2,856.8
Montreal			
Portfolio	1,704.38	1,705.52	1,140.27
DENMARK			
SE	—	215.84	219.94
FRANCE			
CAC Gen	413.40	425.70	284.9
Ind. Tendance	105.10	107.20	168.8
WEST GERMANY			
FAZ-Aktien	—	575.71	666.40
Commerzbank	1,777.50	1,741.10	2,003.2
HONG KONG			
Hang Seng	(c)	2,553.25	1,736.35
ITALY			
Banca Comm.	703.62	701.87	474.28
NETHERLANDS			
ANP-CBS Gen	259.20	257.70	98.4
ANP-CBS Ind	245.40	243.70	242.2
NORWAY			
Oslo SE	371.89	368.50	374.04
SINGAPORE			
Straits Times	(c)	949.02	599.45
SOUTH AFRICA	Jan 27	Prev	Year Ago
JSE Golds	—	2,040.0	1,294.2
JSE Industrials	—	1,514.0	1,081.7
SPAIN			
Madrid SE	248.45	247.35	107.56
SWEDEN			
J & P	2,126.43	2,111.39	1,729.37
SWITZERLAND			
Swiss Bank Ind	574.60	570.00	578.2
WORLD	Jan 28	Previous	Year ago
MS Capital Int'l	401.60	397.8	258.8

COMMODITIES

(London)	Jan 29	Prev
Silver (spot fixing)	364.00p	370.15p
Copper (cash)	£872.00	£874.75
Coffee (March)	£1,598.50	£1,623.50
Oil (Brent Blend)	$18.35	$18.35

GOLD (per ounce)

	Jan 29	Prev
London	$409.00	$409.875
Zürich	$409.95	$413.25
Paris (fixing)	$412.95	$419.95
Luxembourg	$410.60	$415.50
New York (April)	$416.60	$410.60

CURRENCIES

	US DOLLAR		STERLING	
(London)	Jan 29	Previous	Jan 29	Previous
$	–	–	1.5375	1.5365
DM	1.7870	1.7870	2.7475	2.745
Yen	151.95	151.65	233.50	233
FFr	5.9625	5.9650	9.1675	9.165
SFr	1.5020	1.5020	2.31	2.3075
Guilder	2.0165	2.0120	3.10	3.0925
Lira	1,275	1,271.5	1,960.25	1,953.75
BFr	37.05	37.05	56.95	56.90
C$	1.3415	1.3375	2.0610	2.0565

INTEREST RATES

	Jan 29	Prev
Euro-currencies (3-month offered rate)		
£	11⅛	11 1/16
SFr	3⅝	3 9/16
DM	4 3/16	4¼
FFr	9⅛	9⅛
FT London Interbank fixing (offered rate)		
3-month US$	6¼	6¼
6-month US$	6 5/16	6⅜
US Fed Funds	6¼*	5⅞
US 3-month CDs	5.80*	6.075
US 3-month T-bills	5.475*	5.61

US BONDS

Treasury

		January 29* Price	Yield	Prev Price	Yield
6⅝	1989	99 27/32	6.243	99 27/32	6.243
7¼	1993	100 15/32	6.923	100 13/32	6.94
7¼	1996	100 23/32	7.120	100 27/32	7.125
7¼	2016	100 23/32	7.44	100 15/32	7.468

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Jan 29 Day's change	Yield	Day's change
1–30	162.28	+0.14	6.88	+0.0
1–10	154.05	+0.02	6.58	+0.0
1– 3	143.49	+0.01	6.26	+0.01
3– 5	157.03	+0.03	6.64	+0.0
15–30	191.50	+0.54	7.82	−0.03

Source: Merrill Lynch

Corporate	January 29* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	92.377	6.40	92.375	6.40
SCBT South Central				
10⅞ Jan 1993	105.875	9.58	105.875	9.58
Phibro-Sal				
8 April 1996	100	8.0	100	8.0
TRW				
8⅜ March 1996	104.50	8.04	104.50	8.04
Arco				
9⅞ March 2016	112.75	8.66	112.75	8.66
General Motors				
8⅛ April 2016	94.75	8.618	94	8.69
Citicorp				
9⅞ March 2016	103.25	9.055	103.25	9.05

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	100-09	100-16	100-04	100-06
US Treasury Bills (IMM) $1m points of 100%				
March	94.65	94.69	94.64	94.65
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	94.26
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.87	93.89	93.86	93.84
20-year Notional Gilt £50,000 32nds of 100%				
March	114-23	115-11	114-21	114-27

* Latest available figures

TOKYO

Bulls push Nikkei near to 20,000

BULLISH sentiment continued unabated in Tokyo yesterday, with the market indicator racing close to the 20,000 level in its sixth consecutive record finish, *writes Shigeo Nishiwaki of Jiji Press.*

The issues sought by investors, however, changed quickly amid growing wariness of the high price level. Large-capital stocks regained popularity, while financial issues and trading houses were generally sold.

The Nikkei average jumped 131.12 to finish at 19,921.05 on a volume of 1.28bn shares. Yesterday's volume, down slightly from Wednesday's 1.54bn, remained large due to brisk trading by institutional investors and securities house dealers. Gains outpaced losses by 457 to 421, with 133 issues unchanged.

Share prices opened weaker following the plunge on the Frankfurt exchange, but the market recovered its bullish mood in the afternoon. Dealers said this reflected concerted dollar-buying on the New York foreign exchange market on Wednesday by Japan and the US and active share buying by securities house dealers. However, most dealers have been selling stock quickly after reaping short-term profits.

Nippon Steel, the main target of such trading, again topped the actives with 399.08m shares. It opened Y3 lower, but finished Y11 higher at Y251 on a surge of buying in the afternoon.

Hong Kong and Singapore were closed for the Lunar New Year holiday. Local brokers resist Singapore's ambitions, Page 21

Other large-capital steel and shipbuilding issues also gained on a broad front. Kawasaki Steel added Y10 to Y219 on heavy trading of 39.49m shares while Nippon Kokan leaped Y15 to Y260, Ishikawajima-Harima Heavy Industries Y22 to Y480 and Mitsubishi Heavy Industries Y13 to Y528.

Institutional investors followed dealers and bought large-capital chemicals, pushing up Mitsui Toatsu Chemicals, the second most active issue with 40.62m shares changing hands, by Y16 to Y459, and Sumitomo Chemical by Y10 to Y526.

General contractors and utilities also gained. Ohbayashi Corp. advanced Y60 to Y1,070 and Kajima Corp. Y50 to Y1,570, while Tokyo Electric Power and Tokyo Gas jumped Y280 to Y8,150 and Y60 to Y1,170 respectively.

Financial stocks, on the other hand, tended to decline after Wednesday's conspicuous gain. The Long-Term Credit Bank of Japan dropped Y600 to Y17,000, while Mitsubishi Bank lost Y50 to Y2,640, Sumitomo Bank Y10 to Y3,290 and Mitsubishi Trust & Banking Y30 to Y3,760. However, regional banks firmed, along with securities houses, such as Nomura Securities which was Y30 up at Y3,620.

Wednesday's sharp advance spurred investors to sell trading houses for profit-taking, and Mitsui & Co closed Y14 down at Y636. Mitsubishi Corp was Y20 cheaper at Y1,170 and Marubeni Y11 off at Y481.

Blue chips were mixed. Matsushita Electric Industrial fell Y30 to Y1,820 and Hitachi Y5 to Y995, but Toyota Motor and Toshiba rose Y40 to Y1,840 and Y10 to Y640 respectively in thin trading.

Bond prices fluctuated at high levels, with the market's mood strengthening after Bank of Japan Governor Mr Satoshi Sumita's hint on Wednesday at an official discount rate reduction. The yield on the 5.1 per cent government bond due in June 1996 dropped from Wednesday's 4.870 per cent to 4.830 per cent at one stage but rose to 4.860 per cent later before closing at 4.840 per cent.

EUROPE

Recovery as buyers pick up bargains

MOST LEADING European bourses registered partial recoveries yesterday after the sharp losses of the previous session. But the dollar remained the key influence, leaving the short-term outlook uncertain for share price movements.

Frankfurt picked up from its record plunge on Wednesday in a technical recovery helped by the slightly firmer tone of the dollar.

Prices rose in active trading as local, and some overseas, investors moved in to make the most of bargains. The Commerzbank index added 36.4 to 1,777.50 after its 98.5 drop on Wednesday.

Few shares managed to make up all their losses, but one that did was retailer Kaufhof, up DM 24 to DM 519 after news that Metro of Switzerland may raise its stake in the company.

Other retailers followed, with Karstadt and Horten both gaining DM 6.50 to DM 460 and DM 228.50 respectively. Confectioner Hüssel rose DM 5 to DM 605.

In chemicals, Hoechst and BASF, which are under investigation by the European Commission for suspected price-fixing, added DM 1 and DM 3.50 to DM 237 and DM 246.50 respectively. Bayer also rose DM 3.50 to DM 269.50.

The car sector mainly moved higher as Daimler recovered DM 10 to DM 995 after its huge losses earlier in the week and BMW rose DM 12 to DM 487. VW, however, eased 50 pfg to DM 349.50.

Electronics group Siemens added DM 13 to DM 670 after a modest decline in group profits.

Bonds were mixed, with long maturities easier on lower foreign demand and short-term issues higher on domestic demand. The Bundesbank sold DM 12.6m worth of paper after buying DM 144.7m on Wednesday.

Amsterdam edged higher, also in a technical reaction to Wednesday's losses. Frankfurt's recovery, Wall Street's higher opening and Akzo's results all helped to lift sentiment.

Akzo ended Fl 4.30 higher at Fl 132.70 after almost unchanged earnings seen by the market as an encouraging start to the corporate results season.

Other internationals saw Philips up 40 cents to Fl 43.40 and Unilever advance Fl 4 to Fl 500. But Royal Dutch went against the trend, easing 40 cents to Fl 214.

Zurich firmed on bargain-hunting but the dollar's general weakness continued to overhang the market, trimming some early gains.

Bank Leu added SFr 100 to SFr 3,575 after announcing higher profits in 1986.

In foods, Nestlé gained SFr 25 to SFr 9,125. The group said its sales last year had been hurt by the falling dollar.

Engineering company Georg Fischer's bearer share added SFr 60 to SFr 2,050.

Madrid's buoyancy continued, taking the general index up 1.10 to a fifth consecutive record high of 248.45. This was despite a retreat by utility stocks and a 6 percentage point fall for market leader Telefonica to 180 per cent of nominal market value.

Metals were strong and cars firmed amid news that Spanish car sales rose 26.3 per cent on the same period the previous year.

Brussels eased slightly in lighter trading as French and US investors left the market. Bekaert, the wire-maker with extensive US interests, fell most sharply by BFr 500 to BFr 9,000, indicating the continued effect of the weak dollar.

Côte d'Or trading remained suspended and the company said after closing it was considering a bid for a stake from Nestlé.

Paris finished sharply lower after recovering from a steep early fall as the dollar's weakness continued to dominate market sentiment. The biggest falls were Radiotechnique, FFr 80 down to FFr 1060, Lesieur FFr 90 off at FFr 1,520 and Skis Rossignol, which shed FFr 70 to FFr 1,490.

Dumez added FFr 19 to FFr 2,130 on news of its bid for Montreal-based plumbing and electrical group United Westburne Industries.

Milan recovered slightly on renewed demand for insurers, banks and major industrials.

The Milan Stock Index edged 0.31 per cent up to 969.

Buitoni fell L201 to L6,440 after announcing its purchase of a 69 per cent stake in olive maker P. Sasso and Sons.

Montedison also eased by L39 to L2,851 following disclosure of its joint venture with Biospherics of the US and Eridania Zuccherfici Nazionale.

Stockholm rebounded slightly with investors encouraged by improved inflation figures and an assurance from the central bank that interest rates had found a suitable level.

Oslo was higher on the central bank's move to lower overnight lending rates, the all share index rising 2.77 to 287.92.

Norsk Data gained NKr 4 to NKr 229 announcing a 29 per cent increase in pre-tax 1986 profit.

SOUTH AFRICA

THE RETREAT of the bullion price took gold shares lower in Johannesburg but losses were pared by an easing in the financial rand after its recent highs.

Investors continued to look to other sectors and both industrials and other mining sectors were firmer. The industrial index edged to another high of 1,516, up 2 points from Wednesday's record. Barlow Rand added 25 cents to R20 while SA Breweries was 10 cents ahead at R16.10.

Mining financials followed golds lower.

LONDON

Nervous talk brings on further fall

PROFIT-TAKING and a spate of bearish rumours about an imminent opinion poll said to be unfavourable to the Government weakened both equity and gilt markets in London.

Declines began early on speculation that Midland Bank was set to announce a long-awaited rights issue, and were compounded later by the opinion poll talk.

The FT-SE 100 index fell 14.0 to 1,798.1, while the FT Ordinary index lost 13.4 to close at 1,427.0.

Gilts opened firmly on international interest, but prices were already easing when rumours of the opinion poll consolidated the losses. In thin trade, however, falls were restricted to around ½.

Blue chips BAT Industries, which added 4p to 495p and Unilever, up £5/16 to £23¼, moved against the trend. But many recently favoured issues lost ground, Jaguar shedding 2p to 593p and Saatchi and Saatchi down 17p to 795p.

Chief price changes, Page 35; Details, Page 34; Share information services, Page 32-33.

AUSTRALIA

DOMESTIC bearishness and a lack of international interest pushed Sydney share prices lower. The market was unimpressed by news that Australia's inflation rate had risen by 2.9 per cent in the quarter to December.

The All Ordinaries index lost 13.6 to 1,514.2, reflecting an easing in industrials and resources. The gold index also shed 10.9 to 855.7.

Turnover was a high 187m shares, swelled by trade of 43m Elders Resources shares, leaving the price steady at A$1.80. BHP fell 6 cents to A$9.14 in trade of 21m shares as its January options series expired.

ACI lost 21 cents to A$3.85 in the wake of news that Westfield Capital Corporation has lifted its stake in the group to 20 per cent from 13.5 per cent.

CANADA

THE BULLISHNESS which pushed the Composite index to a second consecutive all-time peak of 3,354.3 on Wednesday continued to bolster Toronto stock prices.

Banks continued firm on speculation that the Canadian dollar's strength against the US dollar could lead to a cut in domestic interest rates. Bank of Nova Scotia put on C$⅛ to C$20⅛, while Royal Bank of Canada added C$¼ to C$37⅛.

Bell Canada slipped C$⅛ tp C$39⅜ after Wednesday's profit figures showed a fourth-quarter fall.